

RELATED FUND MANAGEMENT, LLC

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Part 2A of Form ADV: Firm Brochure

March 31, 2024

ITEM 1 COVER PAGE

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 <https://adviserinfo.sec.gov/>.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2 MATERIAL CHANGES

The most recent Part 2A of Form ADV for Related Fund Management, LLC (“RFM”) was dated March 31, 2023 (the “2023 Annual Amendment”). Changes to the Part 2A since the 2023 Annual Amendment include the following:

- Item 4: Updated the dollar amount for assets under management of RFM as of December 31, 2023.
- Item 5: RFM made some clarifications in the fees and expense section.
- Item 8: RFM provided some additional risk disclosures regarding current industry issues.

RFM routinely make updates throughout the Brochure to improve and clarify the description of our business practices, and compliance policies and procedures, as well as to respond to evolving industry best practices. We encourage everyone to review this Brochure carefully and in its entirety.

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ITEM 3 **ADVISORY BUSINESS**

A. Description of Advisory Firm and Principal Owner.

Related Fund Management, LLC (“*RFM*”) is a private equity real estate firm that provides real estate-related investment advisory services to pooled investment funds, single-investor funds and separately managed accounts for institutional investors (collectively, “*Clients*”). *RFM* is the investment management affiliate of Related Companies, L.P., a New York Partnership (“*Related*”).

RFM was formed for the purpose of providing real estate-related investment advisory services to its *Clients* for real estate asset investments across a range of sectors and throughout the capital structure. The Firm leverages a team of over 50 professionals who provide significant real estate expertise and operating capabilities to evaluate, understand, and execute on various real estate investments across the capital stack. Additionally, in our flagship, opportunistic strategy, the firm utilizes *Related*’s extensive platform and relationships to create value at the asset level and identify investments with illiquid / non-strategic owners, unfinished business plans or sub-optimal capitalizations. *RFM* invests in product types where it has significant institutional knowledge and experience; multi-family, condos, office, life science, mixed-use, and logistics and focuses on markets and opportunities which exhibit compelling population growth, job growth and/or barriers to new construction.

RFM has been registered with the United States Securities and Exchange Commission (“*SEC*”) since March 2012. *RFM* is a Delaware limited liability company formed in 2009. Mr. Justin Metz is the Managing Principal of *RFM*.

RFM and its affiliated entities offer investment advisory services and generally manage discretionary investment funds or accounts for institutional investors including high net worth individuals, public and corporate pensions, endowments, foundations, insurance companies and sovereign wealth funds.

Persons reviewing this Brochure should not construe this as an offering of securities or a solicitation to purchase shares in any of the Funds described herein, which will only be made pursuant to the delivery of a private placement memorandum to eligible investors.

B. Advisory Services Offered.

RFM provides investment advisory services to its *Clients*, which invest in various real estate and real estate-related assets. Such services typically include:

- sourcing, investigating, structuring and negotiating potential investments;
- acquiring (and in the case of investments in certain loans, originating) investments on behalf of *Clients*;

- monitoring, developing, rehabilitating, managing and/or operating investments post-acquisition, including in some cases in collaboration with or through affiliates or unaffiliated third parties;
- reporting to Clients on the performance of their investments;
- providing day-to-day managerial and administrative services to Clients; and
- advising with respect to the timing and terms of disposition opportunities (including refinancing opportunities).

In pursuit of each Client's investment objective, RFM uses a value-oriented combination of opportunistic acquisition philosophies with value enhancement programs. RFM's advice is generally limited to real estate and real estate-related investments, although in some instances, it provides advice with respect to certain other types of investments and transactions in various circumstances, including financing transactions.

As of December 31, 2023, RFM's Clients were comprised of privately offered pooled investment funds, single-investor funds and separately managed accounts that are exempt from registration under the Investment Company Act of 1940, as amended (the "*Investment Company Act*").

RFM or one of its controlled affiliates (each affiliate, a "*Management Entity*") serves as the investment adviser, general partner, manager or managing member of each Client. The Management Entities are subject to RFM's regulatory oversight, Compliance Manual and Code of Ethics, in addition to other compliance policies and procedures as adopted by RFM. References in this brochure to RFM may include, as the context requires, the Management Entities. RFM's Clients and Management Entities are specified in Part 1 of RFM's Form ADV. In addition to the Funds and Clients included in RFM's Form ADV Part 1, RFM also generally is permitted from time to time to establish alternative investment vehicles with respect to a Fund that permit certain investors to participate in one or more investment opportunities in a manner that more effectively addresses certain tax, regulatory other similar considerations on behalf of applicable investors. Any such alternative investment vehicles are established pursuant to the Governing Documents of an applicable Fund for the limited purpose of effectuating one or more investments on behalf of applicable investors as described above.

C. *Individually Tailored Advisory Services.*

As a general matter, the advisory services provided by RFM to its Clients are tailored to the investment objectives, strategies and guidelines set forth in the governing documents of each Client, in the case of private funds or single-investor funds, or an investment management agreement, in the case of other Clients (the governing documents and investment management agreement, collectively referred to as "*Governing Documents*").

- Privately offered pooled investment funds: (each a “*Fund*” and collectively, the “*Funds*”): RFM sponsors various Funds where an underlying Fund investor can invest in a particular Fund that best suits its own investment objectives and risk tolerances. Investors in RFM-sponsored Funds generally must be (i) “Accredited Investors” and “Qualified Purchasers” or (ii) non-U.S. persons (in the case of certain non-U.S. Funds) as defined under applicable SEC rules and regulations. The advisory services provided to pooled investment vehicles are not tailored to the individual needs of any particular Fund investor in the relevant pooled investment fund. However, depending on various factors, RFM enters into agreements, commonly referred to as “side letters”, with investors that waive or modify certain terms applicable to their investment in a pooled investment vehicle, or provide certain rights in addition to those provided in the Governing Documents of the applicable Client.
- Single-investor Funds, Separately Managed Accounts (together with the Funds, the “*Clients*”): RFM offers Clients the ability to customize their separate account mandates as described in the investment program of the relevant Client’s private placement memorandum or as set forth in the Client’s organizational documents and/or an investment management agreement with such Client. While Clients generally choose RFM as an investment manager based on its real estate expertise, Clients may impose investment restrictions or discretion, based on their individual investment objectives. For example, some Clients may have regional or instrument type limitations.

D. Wrap Fee Programs.

RFM does not participate in wrap fee programs.

E. Assets Under Management.

As of December 31, 2023, RFM managed approximately \$12.8 billion of Client assets on a discretionary basis and approximately \$893 million on a non-discretionary basis.

The total assets under management include the fair value of the equity invested in real estate assets, real estate-related assets, securities, cash, uncalled capital commitment amounts, accounts receivable, security deposits, prepaid assets, and short-term investments. Assets under management for Clients with investments in joint ventures are adjusted to reflect the total assets within the joint venture multiplied by the Client’s direct or indirect ownership percentage therein.

Note that the method for computing Client assets under management is different than the method for computing regulatory assets under management required for Item 5.F. in Form ADV Part I.

ITEM 5 FEES AND COMPENSATION

A. *Description of Compensation.*

RFM charges investment advisory fees (“*Management Fees*”) to its Clients in consideration for its investment advisory services. Such fees are payable monthly, quarterly or semiannually, in advance or in arrears, depending on the Client.

Management fee calculations are generally based on capital contributions, investment cost basis, net asset value, or unfunded capital commitments, or a combination thereof. The contractual fee base may change over the duration of an investment vehicle’s term, typically as the commitment or investment period expires, upon which unfunded capital commitments are excluded from the management fee calculation.

Fee rates fall within the following ranges for Firm’s current Clients:

- Capital commitments: 0.0% - 0.95% (per annum) and/or
- Capital contributions or investment cost basis or net asset value: 0.30% - 1.75% (per annum)

Amounts and terms of Management Fee vary by Client and are set forth in the Governing Documents of each Client. Any such fees paid by each Client are indirectly borne by the investors in the Client.

For certain Funds and as described above, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. For example, certain Funds charge Management Fees on a combination of capital commitments and investment cost basis during the commitment period of a Fund, and solely on the investment cost basis following the commitment period of such Fund. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund that have not been realized or completely written off.

As a result, the amount of Management Fees generally will not correspond with fluctuations in a Fund’s net asset value, including following the commitment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments completely written off. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

RFM is entitled to receive incentive distributions of investment proceeds or incentive fees from its Clients. Performance-based compensation is calculated based upon a percentage of a Client's return on invested capital, generally subject to certain conditions set forth in the Governing Documents of each Client such as the prior return of capital to investors and/or payment of a preferred return to investors. Such distributions are referred to as "*Carried Interest*", "*Priority Profit Distributions*", "*Cash Flow Participation*" or "*Incentive Fees*." For an additional discussion regarding performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

In regards to the Funds, the respective offering documents will disclose the fee arrangements associated with investment. A Fund's offering documents generally permit RFM or such Fund to waive, rebate, or reduce all or part of the management fee and/or performance fee with respect to investments made by certain investors without waiving, rebating, or reducing the fees charged/payable to other investors. Such is the case of, but not limited to, investments in such Funds made by RFM, its affiliates, employees and their family members. RFM reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by RFM and/or its affiliates, or through other Funds (or accounts) which co-invest with a Fund. Additionally, to the extent permitted by the Governing Documents, certain General Partners have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, any Management Fee offsets described herein apply only with respect to the commitments of fee-paying investors. In addition, in certain cases RFM, as RFM, will have the discretion to grant special or more favorable terms, without limitation, with respect to fees, transfers, notices and transparency. Such rights may be granted to any Fund investor, including, without limitation, principals, members or employees (and their respective family members) of RFM and its affiliates and other select third parties. To effect such waivers or modifications or to grant any special or more favorable rights, the Fund will enter into agreements (commonly known as "*Side Letters*").

In addition, affiliates of RFM receive additional compensation, on a deal-by-deal basis as discussed under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*.

B. Deduction of Fees.

Management Fees and certain other fees (described below under "*Other Fees and Expenses*") are deducted from the assets of the applicable Client and are payable out of current cash flow or disposition proceeds, or from drawdowns of the unfunded capital commitments of investors in each Client. Performance-based compensation amounts are distributed from the applicable Client out of investment proceeds that are available for distribution.

C. Other Fees and Expenses.

Except as otherwise described in the applicable Governing Documents, each Client bears all offering and organizational expenses incurred in connection with the organization of each Client and related entities and the offering of interests therein.

Each Client bears all fees, costs and expenses related to each Client's operation and administration, in accordance with each Client's Governance Documents. This includes but is not limited to:

- Start-up costs which includes fees and expenses of counsel to, accountants for and agents of the partnership, feeder entities, parallel partnerships, and the general partner, as well as reasonable travel and entertainment costs (including any costs incurred in connection with travel on non-commercial aircraft) of personnel of the general partner and its advisors, reasonable out of pocket expenses of placement agents, and other expenses, in each case, incurred in connection with the formation of the partnership, the feeder entities, the parallel partnerships and the general partner, the preparation of the limited partnership agreement, compliance with applicable laws or regulations (including any registration expenses incurred in connection with marketing the partnership interests in certain jurisdictions), and other reasonable costs of offering of partnership interests.
- On an ongoing basis, limited partners will also pay, or reimburse the general partner or RFM, as applicable, for its payment of, to the extent not paid by any portfolio investment or other person:
 - all out-of-pocket costs and expenses directly related to investments or prospective investments including (A) legal, accounting, investment banking, consultant, information services and other professional fees and costs, (B) reasonable travel and entertainment costs (including any costs incurred in connection with travel on non-commercial aircraft), (C) late night meals and transportation related to investments across RFM Clients (D) brokerage commissions and other finders' fees and transaction costs, (E) custody fees and costs of other third-party services, (F) expenses associated with monitoring and managing investments, (G) third-party expenses associated with any proposed or actual sourcing, evaluation, acquisition, financing, refinancing, pledging or dispositions of all or any portion of investments, including in connection with any default, bankruptcy, restructuring (including enforcing rights or amending terms), (H) expenses related to structuring and maintaining investment vehicles; (I) any withholding, transfer or other taxes of and imposed on the partnership and (J) fees, costs and expenses related to the operation, improvement, leasing, development, redevelopment and renovation of real estate assets, costs and expenses related to environmental, property management, sales commissions, underwriting commissions and discounts, engineering and appraisal services, insurance premiums, leasing commissions, loan servicing fees and information services, which reimbursement may include reimbursement to affiliates of the general partner or RFM related to the foregoing, and any costs and expenses incurred in connection with the carrying or management of investments, including custodial, trustee, record keeping and other administration fees;

- any expenses with respect to unconsummated investments (“*broken deal expenses*”);
- compensation and expenses of any consultants, counsel, architects, engineers, accountants and compliance professionals, due diligence providers, compliance personnel and construction oversight personnel (collectively, “*Professional Service Providers*”) (including allocable compensation, which includes both cash compensation and certain overhead costs of Professional Service Providers employed by the general partner, RFM or one of their affiliates);
- expenses and other amounts incurred in connection with the dissolution, winding up, liquidation or termination of the partnership, insurance, including general liability insurance for the general partner and RFM’s directors’ and officers’ insurance, and errors and omissions insurance, regulatory or litigation expenses (and damages), including any expenses incurred in connection with any litigation or governmental inquiry, tax audit or investigation or proceeding involving the partnership, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification section of the governance documents);
- expenses incurred in connection with any indemnification obligations or related litigation (including the amount of any judgment or settlement in connection therewith), certain taxes, expenses of the advisory board and its members and observers, costs of any information meetings of the partners, and any fees or other governmental charges levied against the partnership;
- expenses incurred in connection with legal and regulatory compliance that relates to the partnership and its activities (including tax compliance and reporting, and allocable compensation of Professional Service Providers that are employed by the general partner, RFM or one of their affiliates on matters related thereto (which shall be on an arm’s length basis) but not including any compliance-related expenditures with U.S. federal, state, local, non-U.S. or other law and regulation relating to the partnership’s activities (including, without limitation, expenses relating to the preparation and filing of Form PF, Form SHLA, Form BE surveys, and/or other regulatory filings of RFM and its Affiliates relating to the Partnership’s activities, including filings with the U.S. Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission), without duplication, a proportionate share of expenses incurred by the general partner and its affiliates in connection with the preparation of financial statements, tax returns, K-1s, administration of assets, financial planning and treasury activities, together with technology and other administrative support therefor, including in each case allocable compensation and overhead;

- any and all expenses related to defaults by limited partners in the payment of capital contributions;
- any and all expenses incurred in connection with distributions to the limited partners;
- any and all expenses incurred in relation to obtaining waivers, consents or approvals pursuant to the governance documents and all reasonable costs and expenses of, and/or incidental to, the preparation of amendments, modifications, revisions or restatements to the constituent documents of any partnership, the general partner, feeder entities, any parallel partnership, any alternative investment vehicle and any special purpose investment vehicle;
- Management Fees;
- principal, interest on, and costs, fees and expenses arising out of or incurred in connection with all amounts payable in respect of indebtedness (including any credit facility) for which the partnership or any portfolio investment is liable, including, but not limited to, the costs and expenses incurred in connection with the arrangement thereof;
- expenses associated with portfolio and risk management including hedging,
- fees and expenses associated with the partnership's administrative and reporting costs, including the cost of the preparation of the annual audit, quarterly and annual reports, any reports required for compliance with the AIFMD, financial statements and tax returns and tax reports required for partners or the partnership (including the cost of any third-party administrator and auditor that provides accounting and administrative services to the partnership and depositary expenses, as applicable) and any allocable compensation, which includes both cash compensation and certain overhead costs relating to employment benefits of any Professional Service Providers providing such services that are employed by the general partner, RFM or one of their affiliates (which shall be provided on market terms);
- all other out-of-pocket costs incurred in connection with the administration of the Partnership (such examples include costs associated with the Firm's client relationship management system, investor reporting portals / software and other Partnership-administration-related software, research data services and annual conference expenses) or otherwise that may be authorized by the governance documents or approved by a majority in interest or by the advisory board.

The Funds also bear expenses indirectly to the extent a portfolio investment (or intermediate entity) pays expenses, including expenses of RFM and/or its affiliates. The relative

percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors and other persons) is expected to depend upon whether such expenses are charged or incurred at the Fund level versus the portfolio investment level. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, review and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses are expected to be charged to portfolio investments, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio investment. RFM reserves the right to agree with operating partners, joint venture partners and other similar parties, service providers or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related entities.

As further described in a Client's Governing Documents, RFM and its affiliates also perform certain services with respect to investments for its Clients or portfolio entities through which they invest, including without limitation, asset or property management services, construction or renovation oversight services, development management services, loan servicing, special servicing, loan underwriting and related services, insurance procurement, real estate brokerage, leasing, development, and other real estate-related services, for which they are entitled to receive compensation in consideration. No such fees, compensation or reimbursements for costs or expenses will be paid to the Clients (but with respect to certain Clients, may offset against, or otherwise be applied to reduce, the management fee). Some examples include a portion of portfolio fees, such as break-up, "topping," advisory, consulting, management and directors' fees (including fees in respect of brokerage services performed in connection with the disposition of a building) but excluding fees in respect to real estate-related services with respect to Client investments, excess start-up costs and excess travel costs as set forth in the Governing Documents of each Client. However, it should be noted that any such fees or other compensation paid to RFM and/or its affiliates will be charged at rates intended to be no less favorable to its Client or portfolio entities than the rates charged by a third-party provider of the applicable services in arms' length transactions.

RFM and/or its affiliates are likely to receive fees, other compensation (including management fees) or reimbursements for internal and external costs or expenses in connection with the provision of portfolio management, asset management and operational support in connection with asset management and/or investment advisory services (collectively, "*Professional Services*") to its Clients or portfolio entities. No such fees, compensation or reimbursements for costs or expenses will be paid to the Clients (or offset against, or otherwise be applied to reduce, the management fee); provided that, any such fees or other compensation paid to RFM and/or its affiliates will be charged at rates intended to be no less favorable than the rates charged by a third-party provider of the applicable services in arms' length transactions.

RFM believes that the potential conflict that exists when it and/or its affiliates receive fees or other compensation from certain Clients for the provision of Professional Services is, in large

part, mitigated by the fact that: (i) RFM's investment decisions in respect to the Client are intended to be made independent of any perceived opportunities to capitalize on the provision of Professional Services, (ii) RFM would typically have to contract with third parties to provide such services, and (iii) RFM and its affiliates have agreed not to charge above market rates from what would be charged by third party providers in consideration of the provision of such Professional Services and (iv) the Firm engages advisory firms to conduct a market-rate study for Professional Services and Professional Service Providers employed by affiliates of RFM paid by RFM's Clients no less than bi-annually.

In addition, RFM believes that, given its knowledge of each Client (and the operations, finances, strategic objectives and investment goals for each Client), there may be value to it and its personnel providing such Professional Services instead of third-party providers who RFM generally believes would have less first-hand knowledge of a Client's investments and/or less incentive to perform such Professional Services in a manner that maximizes the value of each investment. Additionally, members of RFM's investment teams share in a significant percentage of a Fund's carried interest, which vests over the life of the fund, ensuring their commitment to the Fund's performance. Furthermore, most Funds on the RFM platform have a "European waterfall" which requires the Fund's partners to receive a full return of their capital contributed plus a preferred return before the Manager (or GP) is entitled to receive any carried interest (or incentive fee).

RFM and its affiliates or employees are also entitled to receive loan origination, servicing and directing certificate holder fees in connection with investments made by its Clients ("*Other Fees*"). As set forth in the Governing Documents of each Client, certain Other Fees earned by RFM or its affiliates, such as loan origination or servicing fees, or compensation for other advisory services generally reduce the Management Fees payable by certain Funds in the period following the payment of such fees by the percentage of such Other Fees specified in the applicable Governing Document ("*Management Fee Offsets*"). Management Fee Offsets generally are performed on a net basis, after giving effect to expenses incurred in connection with the receipt of such Other Fees or the provision of services related to such Other Fees. RFM pays excess fees not yet recouped at the end of the Fund if still owed.

Clients will generally incur brokerage and other transaction costs in connection with the purchase and sale of investments by RFM (see Item 12: Brokerage Practices). Clients will also incur, to the extent permitted under the applicable Client documentation, costs and expenses associated with borrowing arrangements and other indebtedness (as applicable), including but not limited to (i) the costs of establishing the borrowing arrangements and such other indebtedness; (ii) the costs of legal fees and expenses; and/or (iii) the costs of organizing and maintaining any financing arrangement.

Regarding expenses, if any expenses are incurred jointly by Clients, such expenses will be allocated among Clients in what RFM believes to be a fair and reasonable manner. RFM may utilize one or more allocation methodologies to allocate such expenses, including the allocation of expenses on a non-pro rata basis (i.e., such expenses are permitted to be allocated on a basis that is other than pro rata based on each Client's capital contributions) if it determines that an expense

disproportionately benefits a particular Client or group of Clients. Accordingly, a Client or group of Clients that RFM determines disproportionately benefit from an expense will potentially bear more of such expense than had such expense been allocated pro rata based on the relative investment cost basis and capital contributed of all such Clients that share in such expense. Generally, a co-investment vehicle will bear its pro-rata share of broken-deal expenses. However, if a co-investment vehicle is not successfully raised, RFM will be responsible for broken deal expenses that would have otherwise been attributed to the co-investment vehicle.

The description of fees and expenses above is not intended to be exhaustive. Prospective and existing investors in Clients or potential Clients managed by RFM or its affiliates are advised to review the applicable offering documents and Governing Documents for a more extensive description of the fees and expenses associated with the respective investment vehicle.

D. Payment of Fees in Advance.

In the event that a Client's investment advisory agreement with RFM terminates during a period for which investment advisory fees have been paid in advance, RFM would, depending on the 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 fee period. Any such reimbursement would be made in accordance with the Governing Documents of the relevant Client.

E. Additional Compensation and Conflicts of Interest.

Neither RFM, its affiliates (including RFM's wholly owned broker dealer, Sand Capital, LLC ("*Sand Capital*")), nor any of their respective supervised persons currently accepts compensation for the sale of securities or other investment products involving Clients.

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

As described in *Item 5 – Fees and Compensation*, RFM and its Management Entities are generally eligible to receive performance-based compensation with respect to Clients. Performance-based compensation is calculated based upon a percentage of a Client's return on invested capital, subject to certain conditions set forth in the Governing Documents of each Client such as the prior return of capital and/or payment of a preferred return to investors. Certain supervised persons of RFM, as direct or indirect equity owners of RFM or the Management Entities, will be eligible to receive distributions attributable to receipt of performance-based compensation.

The terms applicable to performance-based compensation vary between Clients. Accordingly, RFM, the Management Entities and supervised persons have varying compensatory interests with respect to different Clients. These varying compensatory interests create stronger incentives for RFM to offer investment opportunities to certain Clients. However, RFM's fiduciary obligations to act in the best interest of its Clients as well as its contractual obligations to each Client obligate RFM 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 Clients. Furthermore, RFM personnel are permitted to work on other projects pertaining to Related, and, therefore, conflicts potentially will arise in the allocation of personnel. In this regard, however, a core group of RFM professionals will devote substantially all of their business time to RFM and its Clients.

The existence of Carried Interest also creates a potential incentive for RFM or its Management Entities to make more speculative investments on behalf of its Clients than they would otherwise make in the absence of such performance-based compensation. However, RFM believes that this risk is mitigated to some extent because the Carried Interest attributable to each Client is based on the success of each Client across a number of different investments, and not any single investment made by any Client (excluding certain Clients having only one investment and certain Clients that have imposed investment restrictions). In addition, RFM, its affiliates and personnel of these affiliates have made capital commitments directly or indirectly to certain Clients, which RFM believes reduces the incentive to make more speculative investments and aligns its interest alongside its Clients. RFM and the applicable Management Entity also manage each Client's investment program in accordance with the investment strategy disclosed or agreed in the Client's offering materials or other Governing Documents to ensure that investors are aware of each investment strategy and the risks associated with that strategy.

ITEM 7 TYPES OF CLIENTS

RFM provides investment advisory services to pooled investment vehicles, single-investor funds, institutional investors and administrative services to other Related entities. Pooled investment vehicles and single-investor funds are collectively referred to herein as "*investment vehicles*". Investment vehicles managed by RFM are investment entities formed under domestic or foreign laws and exempt from registration under the Investment Company Act. Investment advice is not provided directly to any investor in the firm's investment vehicles. The investors in the firm's investment vehicles may include high-net worth individuals, private and public pension plans, sovereign wealth funds, endowments, insurance companies, charitable organizations, other investment entities or business entities, and may include, directly or indirectly, principals, employees and supervised persons of RFM and its affiliates.

Investors must be accredited investors and, with the exception of certain employees, or friends and family of RFM personnel, qualified purchasers. Certain Clients require a minimum investment, which is set forth in the Clients' Governing Documents. For each Client, RFM 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

In evaluating potential investments, RFM conducts extensive due diligence, analyzing, as applicable, a variety of factors, including but limited to,

- the value of the underlying real estate or real estate-related assets, 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 the sale or refinancing of the underlying real estate or real estate-related asset.

RFM is managed by a team of senior professionals. The investment committee for each Client, as applicable, is comprised of senior professionals best suited to advise on such Client's investments. The senior professionals on each investment committee have extensive experience in real estate and related industries and oversee the sourcing of investment opportunities, the due diligence of potential investments and the ongoing management and development of portfolio assets.

Additionally, RFM continues to integrate Environmental, Social and Governance ("ESG") considerations as it relates to the Firm's investment process, business management functions and processes. RFM has associated itself with an increasing number of organizations that promote responsible reporting, governance and ethics and is consistently evaluating its processes and procedures as it relates to ESG to ensure best practices. RFM has a firm-wide policy on considering environmental, social and governance factors in investment decisions ("*ESG Policy*"). Responsible investment practices are integrated by members of the RFM investment team as part of the investment process. As part of the Firm's approach to responsible investment, RFM considers the United Nations Principles for Responsible Investment (UNPRI) guidelines. ESG factors considered as part of the due diligence process include: building safety and materials, climate change adaption, contamination, energy efficiency, energy supply, flooding, GHG emissions, health and well-being, indoor environmental quality, natural hazards, regulatory, transportation, water efficiency, waste management, and water supply.

Certain risks presented by the strategies and investments pursued by RFM are set forth below. Investments managed by RFM involve a high degree of risk. Prospective and existing investors must be prepared to bear the risk of loss and should review the offering materials and other Governing Documents for full details about the investment, operational and other actual and potential risks. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to a prospective investor in a Fund, single investor fund or separately managed account.

Certain risks relating to RFM's Clients' investments include:

General Risks

- *Reliance on Key Personnel.* The success of the firm's investment strategies significantly depends upon the skill and expertise of RFM's investment professionals. Such professionals may not continue to be associated with RFM or its affiliates throughout the term of an investment vehicle or the duration of an advisory relationship, and any departure or resignation of any key professionals could have an adverse impact on the performance of the firm's investment strategies. Additionally, RFM engages and retains strategic advisors, consultants, senior advisors and other similar professionals who are not employees or affiliates of RFM and who, from time to time, receive payments from, or allocations with respect to, the Clients' investments (as well as from RFM or its Clients). The nature of the relationship with each of the consultants and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with RFM, the Clients and/or any Client investment throughout the term of the Clients.
- *Inflation Risk.* Increased inflation could have a pronounced negative impact on the economy and financial markets and may lead to a negative impact on the Client's investments, as operating costs could increase at a rate higher than the Client's revenues from its investments and/or there may be adverse effects on tenant leases. Economists generally believe that the recent spike in the inflation rate has been driven by a number of factors including (among others) global supply chain issues, the increased cost of oil and other commodities, changes in consumer buying patterns during the COVID-19 pandemic and the massive influx of dollars into the U.S. economy as a result of governmental rescue and stimulus programs implemented since the beginning of the COVID-19 pandemic. The Russia-Ukraine conflict, which has resulted in increased energy prices and sanctions disrupting the normal patterns of global trade, is likely to exacerbate inflationary conditions. To address recent high inflation rates, on multiple occasions throughout 2022, the U.S. Federal Reserve announced increases to its benchmark interest rate and may approve additional rate increases, which increases may be significant and which may spell the end for the foreseeable future of what has been a prolonged period of low interest rates. Although the increase in the domestic inflation rate, and the resulting increase in the U.S. federal effective funds rate, could advantage a Client by offering the potential for a Client to receive higher returns on a Client's debt investments, it could also adversely impact a Client and its investments in a number of ways, including by increasing competition for investments. The long-term effects of inflation on the general economy and on any individual Investment are unclear.

Increased inflation may also have a pronounced negative impact on a Client's investments, as costs could increase at a rate higher than a Client's revenues from rent and other cash flows and/or there may be adverse effects on potential tenant leases with stated rent increases or limits on such tenant's obligation to pay its share of expenses, which could be lower than the increase in inflation at any given time. Rising interest rates will likely put pressure on real estate capital values, and higher inflation could also result in faster escalation of operating expenses and construction costs.

As the U.S. Federal Reserve and other central bank authorities globally increase interest rates to address inflation, many observers believe, together with ongoing global supply chain issues and other factors that the growth of the U.S. economy may contract over time leading to a recession in the U.S. and abroad. It is impossible to predict whether a recession will actually occur and, if it does occur, the length and severity of any such recession. If a moderate to severe recession were to occur in the U.S. and in other western countries for a prolonged period of time, it would be expected to adversely affect the markets in which a Client operates and could materially and adversely the performance of a Client's investments and the prospects and returns of a Client.

- *Banking Risks; Distress Events.* An investment in a Client is subject to the risk that one of RFM's banks, brokers, hedging counterparties, lenders or other custodians of some or all of a Client's assets (each, a "*Financial Institution*") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "*Distress Event*"). Distress Events can be caused by many factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, ineffective or improper investment management by the Financial Institution or, potentially, accounting irregularities. In the event a Financial Institution experiences a Distress Event, RFM and/or its Client may not be able to access deposits, borrowing facilities or other financial services for an extended period of time or ever.

Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("*FDIC*"), in the case of banks, or the Securities Investor Protection Corporation ("*SIPC*"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes may pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event may have a material adverse effect on the ability of RFM to manage its Clients and its investments, and on the ability of RFM and/or its Clients to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Similarly, a Distress Event could have a material adverse effect on underlying borrowers, partners and other counterparties, which could indirectly result in significant losses on certain investments. In addition, a Distress Event could have a material adverse effect on the ability of investors in an RFM Client to fund their capital calls or other funding obligations, which could indirectly result in significant losses to an RFM Client.

Such losses have the potential to include requiring the Fund to pay fees and expenses in the event an RFM Client is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of

investors to make capital contributions or otherwise), as well the inability of an RFM Client to acquire or dispose of investments at prices that RFM believes reflect the fair value of such investments.

Although RFM would expect to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Although RFM seeks to do business with third-party banks and custodians that it believes are creditworthy and capable of fulfilling their respective obligations to its Clients, RFM is under no obligation to use a minimum number of third-party banks or custodians with respect to its Clients, or to maintain account balances at or below the relevant insured amounts.

- *Interest Rate Risk.* General fluctuations in the market prices of real estate related investments and interest rates may adversely affect the value of an RFM Client's investments and/or increase the risks associated with one or more particular Investments. The ability of the entities in which a Client invests to repay debt obligations (including making payments to the Client as a creditor with respect thereto) and/or to refinance debt investments may depend on their ability to obtain financing, which may be difficult to access at favorable rates. Interest rate changes may also affect the value of a debt instrument directly (in the case of adjustable rate instruments) or indirectly (in the case of fixed rate instruments). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. The Federal Reserve may in the future tighten the monetary supply and increase benchmark interest rates or fail to lower benchmark interest rates in line with market expectations, which would be expected to negatively impact the price of debt instruments and could adversely affect the value of a Client's investments.

Difficult conditions in credit markets may make it difficult for financial sponsors to obtain favorable financing terms for their investments. Any deterioration of the debt markets, any possible future failures of certain financial services companies and a significant rise in market perception of counterparty default risk, interest rates and/or taxes may adversely affect an RFM Client's ability to generate attractive risk-adjusted investment returns. In addition, the use of tight underwriting standards by lenders has inhibited refinancing and reduced the number of potential buyers of commercial real estate. The continued use or further adjustment of these more restrictive loan underwriting standards may adversely affect the availability of credit to finance sales of commercial mortgage loans and for borrowers to sell properties or refinance commercial mortgage loans and may contribute to increases in delinquencies and losses on commercial mortgage loans and loans secured by other assets generally.

Economic difficulties may also adversely affect the financial resources and credit quality of the underlying issuers of any debt instruments in which a Client may invest, resulting in the inability of such issuers to make principal and interest payments on, or refinance, outstanding debt obligations when due. Any such defaults may have an adverse effect on an RFM Client's investments.

In addition, certain RFM Clients are permitted and intend to make use of leverage to finance

investments. RFM expects that a Client's return on investment may be dependent upon a Client's ability to secure leverage and/or additional equity capital on attractive terms. As a result, a Client's ability to achieve attractive rates of return on investments may depend upon the continued ability of an RFM Client to access sufficient sources of indebtedness at attractive rates, and it is possible a Client may not be able to obtain financing.

- *Conflicts of Interest.* The investments of a Client are subject to various conflicts of interest, including those between investors in a Client and between RFM and a Client. The conflicts are more fully discussed in *Item 10 – E. Allocation of Investment Opportunities, and F. Fees for Related Services, Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading and in certain Clients' offering or Governing Documents.*
- *Advisory Board.* Many Funds enable or require RFM to form an advisory board consisting of representatives of limited partners selected by RFM. RFM reserves the right in certain situations to choose to seek the approval of the members of the Advisory Board using established guidelines with respect to potential conflict of interest situations and matters that are required to be approved by a client under the Advisers Act, and advisory board approval will be required to resolve certain conflicts and other matters. Any such approval by an advisory board will be binding upon the applicable Fund and its limited partners. In addition, if an advisory board gives such approval or RFM acts pursuant to standards or procedures approved by the advisory board with respect to such conflict of interest or other matter, then RFM and its affiliates generally will not have any liability to the Fund or any investor for actions in respect of such matter taken in good faith by them, including actions in the pursuit of their own interests.

A member of an advisory board is under no obligation to act in the best interests of a Fund as a whole and is not prevented from choosing to act only in the best interests of the limited partner with which such advisory board member is affiliated. This results in potential conflicts of interest. In addition, advisory board members typically are expected to receive information regarding the proposed investment activities of a Fund that is not generally available to the public or other limited partners. There will be no obligation on the part of any advisory board member to make available for use by a Fund any information or strategies known to or developed by it and, in certain cases, they may be prohibited from doing so. Furthermore, members of the advisory board cannot be expected to be experts in investments in real estate, and certain of the advisory board determinations could, in fact, adversely affect the performance of the Fund.

- *Indemnification; Exculpation.* A Fund's Governing Documents typically will limit the circumstances under which a general partner, RFM, its affiliate and certain associated persons of the foregoing and any member of an advisory board can be held liable to a Fund and/or its limited partners. As a result, limited partners have a more limited right of action in certain cases than they would have in the absence of such a limitation. The persons identified above generally will not be liable to a Fund or the limited partners except with respect to certain enumerated conduct set forth in the Governing Documents including gross negligence, willful misconduct or fraud. In addition, a Fund will indemnify the foregoing persons with respect to any losses or damages incurred in connection with their services to a Fund, except with respect to certain enumerated conduct set forth in the Governing Documents including gross negligence, willful misconduct or fraud. Notwithstanding any such provisions in the Governing Documents of a Fund, nothing

therein is intended, nor will be construed, as a waiver of any federal fiduciary duty of RFM or its affiliates that is not permitted to be contractually waived.

- *Real Estate Risks.* Because a Client will invest in debt and equity interests primarily secured by commercial real estate debt or similar real estate properties, respectively, a Client will be subject to risks related to real estate generally. These include the risks incident to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, changes in taxes, changes in energy pricing, risks due to dependence on cash flows, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, risks and operations problems arising from construction problems or similar liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of RFM, a Client and their respective affiliates.
- *Future and Past Performance.* The performance of RFM's principals' (the "*Principals*") prior investments are not necessarily indicative of a Client's future results. While RFM intends for a Client to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. A Client's investments may differ from previous investments made by the Principals in a number of respects. Accordingly, investors should draw no conclusions from the performance of any other investments made by the Principals and should not expect to achieve similar returns.

Risks Related to Investments

- *Distressed Pricing.* The investment strategies of certain Clients are partially based upon the premise that real estate businesses and assets will be available for purchase by a Client at prices that the General Partner considers favorable. Further, a Client's strategy relies in part upon favorable market conditions existing prior to the expiration of the term of a Client. No assurance can be given that a Client 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, because this will depend largely on events and factors outside the control of the General Partner. While investments in favorably priced assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate investors for the business and financial risks assumed. A Client may incur

substantial losses if it has purchased assets based on the belief that they were undervalued by their sellers, if they were not in fact undervalued at the time of purchase. In addition, a Client may be required to hold such assets for a substantial period of time before realizing their anticipated value, and there is no assurance that the value of the asset would not decline during such time. Moreover, during this period, a portion of a Fund's assets would be committed to those assets purchased, thus preventing a Client from investing in other opportunities. In addition, a Client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

- *Liabilities Associated with Property Acquisitions.* Certain RFM Clients intend to buy distressed real estate assets or interests in entities owning such assets. These acquisitions are subject to many risks. A 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 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 Client, or if any adverse condition existed with respect to the properties, the Client might have to pay substantial sums to settle or cure it, which could adversely affect the cash flow and operating results of a Client
- *Concentration of Investments.* A Client will participate in a limited number of investments and may seek to make several investments in certain regions or sectors within a short period of time. As a result, a Client's investment portfolio could become highly concentrated in the future, and the performance of a few holdings or of a particular sector may substantially affect a Client's aggregate return. Furthermore, a Client does not have fixed guidelines for diversification by industry, and investments may be concentrated in only a few industries. Specifically, a Client's focus on the real estate sector may increase the volatility of a Client's returns and expose a Client to the risk of downturns in the real estate sector to a greater extent than if its portfolio also covered other sectors of the economy. Furthermore, to the extent that the capital raised is less than the targeted amount, a Client may invest in fewer real estate and real estate-related assets and thus be less diversified.
- *Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing real estate and real estate-related transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Client will never be fully invested if enough sufficiently attractive investments are not identified. Further, the investments sought by a Client may require investors, including a Client and the Manager, to meet certain financial requirements, such as having a minimum amount of assets under management, and there can be no assurances that a Client will qualify as an investor in each investment that RFM believes is suitable for a Client. If a Client does not qualify for such investment, a Client may be required to forego such investment opportunity.
- *Unspecified Future Investments.* Except for the general investment guidelines provided in the Governing Documents of a Client, there is no information as to the nature and terms of any investments that a prospective investor can evaluate when determining whether to invest in a

Client. Investors will not have an opportunity to evaluate for themselves or to approve the portfolio investments. Investors will be relying on the ability of RFM to identify and evaluate the investments to be made by a Client. The business of identifying, structuring, completing and realizing debt investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that RFM will be able to identify, or a Client will be able to complete, portfolio investments that satisfy a Client's rate of return objectives or, if completed, realize such investments for fair or attractive values or that a Client will be able fully to invest its committed capital.

- *Need for Follow-On Investments.* Following its initial investment in any investment, a Client and/or other equity or debt investors in the properties in which a Client invests or that are collateral for a Client's investments may decide to invest additional funds in such investment or may have the opportunity to increase their respective investments in such investment by investing in additional real estate assets related thereto (whether for opportunistic reasons, to fund the needs of the investment, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Client or such other persons will make such additional investments or that a Client or such persons will have sufficient funds to make all or any of such investments (including an event of default under applicable debt documents in the event an equity cure cannot be made). Any decision by a Client or such persons not to make follow-on investments or their inability to make such investments may have a substantial negative effect on a particular real estate asset in need of such an investment and a Client's financial performance.
- *Dynamic Investment Strategy.* While RFM generally intends to seek attractive returns for a Client primarily through making investments in commercial real estate debt as described herein, RFM may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. RFM may adjust the investment strategy and guidelines at any time in light of changing market conditions or other considerations. RFM may pursue investments outside the sectors or regions in which the Principals have previously made investments. A Client may invest in short-term investments, and the investment returns from these investments are likely to be lower than the investment returns from real estate investments. Any projections or estimates regarding the number, size or type of investments that a Client may make (or similar estimates) are estimates based only on RFM's intent as of the date of such statements and are subject to change due to market conditions and/or other factors (e.g., RFM may determine to pursue on behalf of a Client one or more investment opportunities in different geographies or sectors that are larger or smaller than any target range described in the Governing Documents of a Client).
- *Illiquidity.* An investment in a Client should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Accordingly, there can be no assurance that Clients will be able to dispose of 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 or other approvals or authorizations. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Furthermore, the expenses of

operating a Client (including any fees payable to RFM (or an affiliate thereof)) may exceed its income, thereby requiring that the difference be paid from a Client's capital, including unfunded Commitments.

- *Leverage.* A Client (through one or more direct or indirect subsidiaries) may employ leverage in the acquisition, operation and ownership of its investments and may refinance its investments, if desirable. Debt could take the form of a warehouse line of credit, selling A-Notes, or utilizing credit facilities. Such use of leverage generally magnifies a Client's opportunities for gain and its risk of loss from a particular investment. A Client or such subsidiaries may make use of leverage by incurring or having an entity incur debt to finance a portion of its investment in such entity, including in respect of Fund investments not rated by credit agencies. In addition, recourse debt, which a Client reserves the right to obtain, may subject other assets of a Client and the Investors' Commitments to risk of loss. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage on terms that RFM believes are reasonable. The use of leverage by a Client and/or its subsidiaries will also result in interest expense and other costs that may not be offset by distributions made to a Client or appreciation of or income from its investments. A Client may provide guarantees in order to secure such leverage. Furthermore, should the credit markets be limited or costly at the time a Client determines that it is desirable to sell all or a part of an investment, a Client may not achieve an exit capitalization rate consistent with its forecasts. Moreover, certain entities in which a Client will invest generally will not be rated by a credit rating agency. A Client may also borrow money or guaranty indebtedness (such as a guaranty of an entity's debt subject to certain limitations in the Partnership Agreement). A Client (through one or more direct or indirect subsidiaries) may incur leverage on a joint and several basis with one or more other investment funds and entities managed by RFM or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, if a Client, directly or indirectly, incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by a Client's investors and such investors' contributions may be required to be made directly to one or more lenders instead of a Client. The amount of leverage that a Client may utilize at any time may be large in relation to its capital. Finally, leverage may include so-called "balloon" payments at maturity if leverage is not fully amortized by maturity and such "balloon" payments may be difficult or even impossible to refinance on attractive terms, thus potentially magnifying losses in respect of leveraged investments. In some circumstances, to the extent permitted by a Client's Governance Documents (or otherwise disclosed to the Client), RFM or its Affiliates may lend money to Clients.
- *Use of Credit Facilities.* A Client (through one or more direct or indirect subsidiaries) is also permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate Commitments available to be called or based on a pledge of a Client's assets. The use of such facilities will be determined by RFM, subject to the limitations in certain operating agreements and the performance of a Client may be impacted by how RFM causes a Client to utilize such facilities. Although, the use of such a facility may increase a Client's ability to swiftly invest capital, it also will subject the Investors to certain risks and

costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of RFM's right to call capital from Investors, Investors may be obligated to contribute capital on an accelerated basis if a Client fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against a Client would likely be subordinate to a Client's obligations to a subscription line's creditors.

In addition, Client borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of Investors and the terms of a Client's governing documents, it may be higher than the interest rate an Investor could obtain individually. To the extent a particular Investor's cost of capital is lower than a Client's cost of borrowing, Fund-level borrowing can negatively impact an Investor's overall individual financial returns even if it increases a Client's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Client-level borrowing typically delays the need for investors to make contributions to a Client, which in certain circumstances enhances the relevant Client's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of RFM and its affiliates. Conflicts of interest also have the potential to arise to the extent that a credit facility is used to make an investment that is later sold in part to co-investors (including one or more co-investing Clients), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the credit facility and neither the relevant Client nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Client and the Investors or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on RFM's ability to consent to the transfer of an Investor's interest in a Client or impose concentration or other limits on the Client's investments, and/or financial or other covenants, that could affect the implementation of a Client's investment strategy. In addition, in order to secure a subscription line, RFM may request certain financial information and other documentation from Investors to share with lenders. RFM will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Investors.

Client borrowing involves a number of risks in addition to the ones described above under "Leverage". For example, drawing down on a subscription line allows RFM to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for Investors that would not arise had the relevant Management Entity called smaller amounts of capital incrementally over time as needed by a Client. This risk would be heightened for an Investor

with commitments to other Clients that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Investor to meet the accumulated, larger capital calls at the same time. The relevant Management Entity is often authorized to use Client-level borrowing to pay Management Fees and to reimburse RFM and its affiliates for expenses incurred on behalf of the Client. A Client is also permitted to utilize borrowing when RFM expects to repay the amount outstanding through means other than Investor capital, including as a bridge for equity or debt capital with respect to an investment. If a Client ultimately is unable to repay the borrowings through those other means, Investors would end up with increased exposure to the underlying investment, which could result in greater losses.

- *Potential Restrictive Covenants in Credit Facilities.* A Client may enter into a credit facility with one or more lenders in order to finance its operations (including the acquisition of a Client's investments and/or to bridge capital calls). It is anticipated that any such credit facility will contain a number of covenants that, among other things, might restrict the ability of a Client to: acquire or dispose of assets or businesses; incur additional indebtedness; make expenditures, distributions or capital calls; create liens on assets; enter into leases, investments or acquisitions; consent to transfers of interests in a Client; make amendments to the governing documents of a Client; or engage in certain transactions with affiliates, and otherwise restrict activities of a Client without the consent of the lenders. In addition, such a credit facility would likely require a Client to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements and concentration limits.
- *Risks of Derivatives.* A Client may utilize derivative instruments and techniques in order to hedge interest rate and currency risk to which it is subject. In addition to the general risks involved in any hedging activities, engaging in derivative transactions is subject to specific risks. The prices of all derivative instruments, including options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or other instruments underlying them. A Client will also be subject to the risk of the failure of any of the exchanges on which it trades derivative instruments or of their clearinghouses.

There can be no assurance that a Client's hedging activities will have the desired effect on the performance of a Client. The use of hedging transactions involves certain risks, including (i) the possibility that interest and currency rates fluctuate in a manner that would have led to better performance for a Client if a Client had not entered into such a transaction, (ii) the risk of imperfect correlation between the risk being hedged and the instrument used to hedge such risk, and (iii) potential lack of liquidity for the instrument used to hedge the risk. Engaging in hedging transactions may result in worse overall performance for a Client than if it had not engaged in any such hedging transactions.

Certain hedging arrangements may create for RFM and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission (“CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Client or an investment to hedge its exposures becomes limited by such requirements.

- *Counterparty Risks in Derivative Transactions.* A Client may affect hedging or other derivative transactions in “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes a Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the applicable contract (whether or not such dispute is bona fide) or because of a credit or liquidity problem, causing a Client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. RFM has no internal credit function that evaluates the creditworthiness of a counterparty in such a transaction. Further, while RFM will take great care in selecting brokers or dealers who will maintain custody of certain Client’s assets held as margin or other collateral for a Client’s borrowings, there is a risk that any such brokers or dealers may become insolvent. It is expected that all Client assets that are deposited with such brokers or dealers will be held in such brokers’ or dealers’ “street name” and hence a Client will be exposed to a credit risk with respect to such parties. During the global recession, several prominent financial market participants failed or nearly failed to perform their contractual obligations when due - creating a period of great uncertainty in the financial markets, government intervention in certain markets and in certain failing institutions, severe credit and liquidity contractions, early terminations of transactions and related arrangements, and suspended and failed payments and deliveries.
- *Currency Risk.* A Client may make investments denominated in currencies other than U.S. Dollars. Such investments will create currency exchange risks for a Client (including the inability to repatriate currency, devaluation and non-exchangeability). If a Client makes investments denominated in currencies other than U.S. Dollars, it may enter into one or more currency swap agreements or other derivative transactions to hedge the risks associated with exchange rate fluctuations since a Client will calculate its income in U.S. Dollars. However, the amount and timing of distributions on investments denominated in currencies other than U.S. Dollars may not match the anticipated payments hedged by such currency swap agreements, and such mismatch would leave a Client’s income subject to risks from exchange rate fluctuations.
- *Limited Transferability of Fund Interests.* There will be no public market for Client interests, and none is expected to develop. Investors in certain Clients cannot sell, transfer or pledge their interests in each Client except with the consent of RFM or the relevant Management Entity, as applicable, which may be withheld in its sole discretion. In general, Interests in a Client are not redeemable, and voluntary withdrawals are not permitted, except when necessary to comply with particular laws, statutes, and regulations. No public market for interests in RFM’s Clients exists and none is expected to develop

- *Restricted Nature of Investment Positions; Valuations.* There is generally no readily available market for Fund investments, and hence, most of a Client's investments will be difficult to value and may require RFM to estimate, in accordance with its established valuation policies, the value of a Client's investments on a valuation date. Independent appraisals of such investments are typically not obtained. Further, because of the overall size and concentrations in particular markets, including the real estate market, the maturities of positions that may be held by a Client from time to time and other factors, the liquidation values of a Client's investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein. If RFM's valuation should prove to be incorrect, the stated value of a Client's investments could be adversely affected. RFM may delegate its valuation responsibilities to any other person in its discretion. Absent bad faith or manifest error, valuation determinations of RFM (or its delegate) will be conclusive and binding on the Investors. Valuation of the types of assets in which Clients typically invest are inherently subjective. In certain cases, a Client may hold an investment in an issuer experiencing distress or going through bankruptcy. In such a situation, RFM may continue to place a favorable valuation on such investment due to RFM's determination that the investment is sufficiently secured despite the distressed state or bankruptcy of the issuer. However, no assurances can be given that this assumption is justified or that such valuations will be accurate in the long term.

In addition, certain investments may be distributed in kind to investors by a Client and it may be difficult to liquidate such investments received at a price or within a time period that is determined to be ideal by such Investors. After a distribution of an investment is made to Investors, many Investors may decide to liquidate such investment within a short period of time, which could have an adverse impact on the price of such investment. The price at which such investment may be sold by such Investors may be lower than the value of such investment determined pursuant to the applicable Governing Document, including the value used to determine the amount of carried interest available to RFM or the applicable Management Entity with respect to such investment.

As described above, the amount of Management Fees generally will not correspond with fluctuations in a Fund's net asset value, including following the investment period, and will not be increased to reflect appreciation in an investment's value or reduced in connection with depreciation in an investment's value, except for limited exceptions set forth in the Governing Documents, such as, for example, in the case of investments that have been completely written off.

RFM exercises discretion in determining the amount of invested capital upon which Management Fees are based. For example, and without limitation, RFM has the ability to determine whether an investment has been completely written off and thereby whether to exclude capital contributions with respect to such an investment from the amount of invested capital. "Completely written off" is not a defined term under legal or accounting principles. For Governing Documents which include this or any other similar standard, any such determination is made in the discretion of RFM's Valuation Committee and its view of the relevant facts and circumstances. While in its sole discretion, RFM makes the determination regarding whether an asset should be completely written off, there can be no assurance as to if and when particular assets are subject to such write downs. Such determinations are expected to have an impact on

the amount of Management Fees payable by a Fund to RFM. As such, RFM is subject to potential conflicts of interest when making such a determination and has an incentive to delay or avoid, for example, writing off an asset in order to receive higher Management Fees.

- *Third Party Co-Investment; Reliance on Third-Party Joint Venture Partners and Managers.* A Client is permitted to co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer, co-lender or partner, including with the seller (or an affiliate thereof) of the investment, a person involved in the selling or acquisition of the investment, an investor in a Client (or other vehicle controlled by Related) or other third parties. Such investments involve risks not present in investments where a third party is not involved, including the possibility that: (i) a Client and such co-venturer, co-lender or partner reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer, co-lender or partner of a Client at any time has economic or business interests or goals that are inconsistent with those of a Client; (iii) the co-venturer, co-lender or partner encounters liquidity or insolvency issues or becomes bankrupt; (iv) the co-venturer, co-lender or partner is in a position to take action contrary to a Client's investment objective; (v) the co-venturer, co-lender or partner takes actions that subject the investment or related property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances a Client becomes liable for actions of its co-venturers, co-lenders or partners. The co-venturer, co-lender or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which Related or its affiliates has an interest or otherwise controls. A co-venturer or partner potentially also will be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, a Client as well as such investments, and in such circumstances, any such amounts may be treated as a Fund expense and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Related, be deemed paid to or received by Related or reduce the Management Fee. Moreover, the Manager or its affiliates potentially receive fees associated with capital invested by a co-venturer or partner relating to investments in which a Client participates. This may be in connection with a joint venture in which a Client participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Manager performs services. In addition, a Client potentially will co-invest with non-affiliated co-investors, co-lenders or partners whose ability to influence the affairs of the companies in which a Client invests may be significant, and even greater than that of a Client and as such, a Client may be required to rely upon the abilities and management expertise of such co-venturer, co-lender or partner. It may also be more difficult for a Client to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments (and any such investment may be subject to a buy-sell right). A Client may grant co-venturers, co-lenders or partners approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require a Client to engage in a buy-sell of the venture with the co-venturer, co-lender or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, a Client may be unable to fully realize its expected return on any such investment. Further, to the extent that a Client offers any co-investment opportunity to any

Investors or third parties, some or all of the risks described above may also apply to such co-investments.

Further, a Client potentially will in certain cases rely on third parties (some of which may also become co-investment partners with a Client) to act as developers or joint venture partners in connection with the acquisition, development, construction, renovation or operation of a property related to a Client's investments. This reliance on third-party developers or joint venture partners may increase the costs to a Client through the payment of development fees, incentive fees, management fees and other amounts and may increase the risks to a Client if, and to the extent, such a developer or operator fails or is unable to comply with agreed-upon plans, budgets or timetables. In such case, although RFM intends to monitor the performance of each investment, it will primarily be the responsibility of third-party property managers to manage certain properties on a day-to-day basis. A Client's results of operations, including its ability to make payments on any indebtedness, will depend in large part on the ability of these third-party managers to operate and lease such properties on economically favorable terms. There can be no assurance that such third-party management firms will be able to operate each investment successfully. Moreover, the risks of dependence on third-party management firms are different by property type and by investment stage (for example, properties in development or redevelopment will have a greater dependence on the leasing abilities of a third-party manager or leasing agent). Property managers may provide management and leasing services to properties owned by others that compete with one or more investments. As a result, these property managers may at times face conflicts of interests in the management and leasing of investments and properties owned by third parties. Property managers may receive a base management fee based upon gross revenues. Such fee arrangements with a property manager may create an incentive for the relevant investment to be managed in a manner that is not consistent with a Client's objectives.

- *Controlling Person Liability.* The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, a Client might suffer a significant loss.
- *Litigation.* In the ordinary course of its business, a Client may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of a Client and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of RFM's and the Principals' time and attention, and that time devoted to these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.
- *Adequacy and Availability of Insurance.* While a Client may seek to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds from covered risks may be inadequate to completely or even partially cover a loss of

revenues, an increase in operating and maintenance expenses and/or any necessary replacement or rehabilitation. Certain losses of a catastrophic nature (e.g., those caused by force majeure events) may be either uninsurable or insurable at such high rates as to adversely impact a Client's profitability.

- *Multifamily Residential Real Estate.* Certain RFM Clients may invest in multifamily residential properties. A large number of factors may affect the value and successful operation of such properties, including, without limitation: physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates and availability of government incentives, which may encourage tenants to ultimately purchase rather than lease housing, if possible; presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local industrial unit; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; state and local regulations, which may affect the property owner's ability to increase rent to the level of market rents for an equivalent apartment; government assistance/rent subsidy programs; and the inventory of unsold homes in the local market that are being rented. If any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, a Client's investments in multifamily residential properties may incur losses.

Additionally, certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. There may be provisions that limit the bases on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to certain set percentages, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. Similarly, governmental assistance programs that provide rent subsidies to tenants pursuant to tenant voucher programs may influence tenant mobility and the amount of rent a tenant can pay.

- *Hospitality Properties.* Because hotel rooms generally are rented for very short periods of time, hospitality properties tend to be affected more quickly by adverse economic conditions and competition than other commercial properties. Hospitality properties are also affected by other particularized factors, including: franchise affiliation (or lack thereof); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and operator of a hotel or motel; and changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways

or other factors. The performance of a hotel property affiliated with a franchise or hotel management company depends in part on: the continued existence and financial strength of the franchisor or hotel management company; the public perception of the franchise or hotel chain service mark; and the duration of the franchise licensing or management agreements. Furthermore, the ability of a hotel to attract customers, and some of such hotel's revenues, may depend in large part on it having a liquor license. Liquor licenses may not be transferable (for example, in connection with a foreclosure). Moreover, the hotel and lodging industry is generally seasonal in nature; different seasons affect different hotels depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hospitality property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In addition, acts of war, terrorist activities, natural disasters and environmental disasters and pandemics can have a material adverse impact on the tourism and convention industries, which directly affects the revenues generated by hospitality properties. Finally, hospitality properties are facing new and increased competition from non-traditional market players, including those focused on the sharing economy, which may disrupt the hospitality industry and reduce demand for traditional hotels.

- *Office Properties.* Certain RFM Clients may invest in office properties. There are a large number of risk factors associated with investments in office properties, including, without limitation: the impact of COVID-19 on the office market and the building's tenants; the quality of an office building's tenants; an economic decline in the business operated by the tenants; the physical attributes of the building in relation to competing buildings (e.g., age, condition, design, appearance, location (including close proximity to other office buildings), access to transportation and ability to offer certain amenities, such as sophisticated building systems and/or business wiring requirements); the physical attributes of the building with respect to the technological or growth needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants; the diversity of an office building's tenants (or reliance on a single or dominant tenant); the availability of sublease space; the desirability of the area as a business location; the strength, nature and unemployment rates of the local economy, including labor costs and quality, tax environment and quality of life for employees; and an adverse change in population, patterns of telecommuting or sharing of office space and employment growth (which creates demand for office space). To the extent any such risk factors are heightened or the conditions associated with such risk factors deteriorate, a Client's investments in office properties may incur losses.
- *Retail Properties.* The Fund may invest in retail properties. The value and successful operation of a retail property is sensitive to a number of risk factors, including, but not limited to: changes in consumer spending patterns, including as a result of COVID-19; local competitive conditions (such as the supply of retail space or the existence or construction of new competitive shopping centers or shopping malls, including, for example, competition between regional malls and local shopping centers and changing consumer preferences for upscale outlet malls, big-box discount stores and price clubs); the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing (such as direct mail, video shopping networks and internet web sites, which reduce the need for retail space by retail companies), including the increased demand for alternative forms of retailing as a result of COVID-19; the safety, convenience and

attractiveness of the property to tenants and their customers or clients; the public perception of the safety of customers at shopping malls and shopping centers; the need to make major repairs or improvements to satisfy the needs of major tenants; traffic patterns and access to major thoroughfares; and unemployment rates in the local economy.

The general strength of retail sales also directly affects retail properties. If retail sales by tenants in the Fund's properties were to decline, the rents that are based on a percentage of revenues may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs. The cessation of business by or bankruptcy of a significant tenant can have a material adverse effect on a retail property, not only because of rent and other factors specific to such tenant, but also because significant tenants at a retail property play an important part in generating customer traffic and making a retail property a desirable location for other tenants at such property.

- *Americans with Disabilities Act.* A Client's real estate assets may be required to comply with Title III of the Americans with Disabilities Act (the "ADA") to the extent that such properties are "public accommodations" and/or "commercial facilities" as defined by the ADA. Compliance with the ADA requirements could require removal of structural barriers to handicapped access in certain public areas of properties where such removal is readily achievable. Non-compliance could result in imposition of fines or an award of damages to private litigants.
- *Fair Housing Amendment Act of 1988.* The Fair Housing Amendment Act of 1988 (the "FHAA") requires apartment communities first occupied after March 13, 1990 to be accessible to the handicapped. Non-compliance with the FHAA could result in the imposition of fines or an award of damages to private litigants.
- *Contingent Liabilities upon Disposition.* In connection with the disposition of an investment, a Client and/or RFM may be required to make (and/or be responsible for another person's or entity's breach of) certain representations and warranties (e.g., about the business and financial affairs of the applicable underlying property, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar assets) and may be responsible for the content of disclosure documents under applicable securities laws. A Client and/or RFM may also be required to indemnify the purchasers or underwriters of such investment to the extent that any such representations or disclosure documents are inaccurate. Such arrangements may result in contingent liabilities, which would be borne by a Client and, ultimately, the Partners. In such a situation, Partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Partnership Agreement. Furthermore, under the Delaware Revised Uniform Partnership Act, each Investor that receives a distribution in violation of such act will, under certain circumstances, be obligated to re-contribute such distribution to a Client.

- *Investments in Real Estate Debt.* In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks. This includes the risks of illiquidity, lack of control, mismanagement or 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 exercise of contractual remedies for defaults of such investments. Purchases of participations in real estate loans raise substantially the same risks as investments in real estate loans. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of a Client's investment).
- *Collateral Value.* A Client expects to originate, participate in and/or acquire real estate loans that are non-recourse to the borrower. Mortgage investments have special inherent risks relative to collateral value. To the extent a Client makes or acquires subordinated or "mezzanine" debt investments, a Client does not anticipate having absolute control over the underlying collateral as a Client will be dependent upon third party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, a Client's loans may not be secured by a mortgage, but instead by such other collateral that may provide weaker rights than a mortgage. In an event of default, a Client's source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less than the outstanding amount of a Client's investment.
- *Debt Investments.* The debt securities in which a Client will invest typically will be either secured by a borrower's ownership interests in a property or unsecured, and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. The ability of a Client to influence the affairs of an investment, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by a Client of its rights as a creditor. Accordingly, a Client may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which a Client will invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any investment, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of any such Fund investments. Fund investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Client earlier than expected. Depending on fluctuations of the equity markets, warrants and other equity securities may

become worthless. Accordingly, there can be no assurance that a Client's internal net rate of return objective will be realized.

- *Non-Performing Loans; Foreclosure Process.* Debt investments (including real estate loans) by a Client may be at the time of their acquisition, or may become after origination, participation or acquisition, non-performing for a wide variety of reasons, many of which are outside the control of RFM, a Client or their affiliates. Non-performing real estate loans often require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. To the extent that a Client purchases partial interests in non-performing loans, a Client may not have control over the workout process or the management of the real estate assets after such a workout.

RFM may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by a Client. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

- *Distressed Investments.* A Client may invest in the debt, including debt obligations that are in covenant or payment default, of properties experiencing significant financial difficulties and material operating issues, including properties that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such properties involve a substantial degree of risk that is generally higher than the risk involved in investing in properties that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed properties, there can be no assurance that RFM will correctly evaluate the value of the assets of a distressed property securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such property. Therefore, in the event that a portfolio property does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Client may lose some or all of its investment.
- *Prepayments.* The yield on any Client asset, and accordingly the overall return generated by a Client, will be affected by the rate and timing of principal payments of such assets. The rate and timing of these principal payments, or in the case of principal losses, principal or notional write-downs, will be affected by, among other factors, (i) unscheduled principal payments or collections in the form of voluntary prepayments of principal or unscheduled recoveries of principal due to defaults, and (ii) the order of priority in which such principal and collections are distributed in reduction of the actual or notional principal balance of the assets.

- *B-Notes Investments.* A Client may invest in one or more B-Notes. A “B-Note” is a commercial mortgage loan typically (i) secured by a first mortgage on a single large property or group of related properties and (ii) subordinated to an “A-Note” secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining for the holder of the B-Note. B-Notes do not have any secondary market, raising additional liquidity risks. However, since each B-Note is privately negotiated, B-Notes can vary in their structural characteristics and risks, including, for example, the rights of the holder of the B-Note to control the process following a borrower default. Since they are typically secured by a single property, B-Notes reflect the risks associated with significant concentration.
- *Mezzanine Investments.* The properties in which a Client will invest or that are collateral for a Client’s investments may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company or property, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on a Client’s investments when due. The leveraged capital structure of these properties will increase the exposure of a Client’s investments to any deterioration in a company’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates. A Client’s investments in such properties may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any property cannot generate adequate cash flow to meet debt service, a Client may suffer a partial or total loss of capital invested in the property, which could adversely affect the returns of a Client. Furthermore, the entities and investments in which a Client will invest generally will not be rated by a credit rating agency.

The mezzanine and junior debt investments of a Client typically will be subordinated to the senior obligations of an issuer, either contractually (in the case of debt securities) or because of the nature of the security (in the case of preferred stock or common stock). In addition, many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Any such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer and/or in general economic conditions may impair the ability of this issuer to make payments on the subordinated securities and result in defaults on and declines in the value of these securities more quickly than in the case of the senior obligations of such issuer.

Mezzanine securities may also involve certain additional considerations and risks. For example, the terms of mezzanine securities may restrict transfer of the interests securing such debt (including an involuntary transfer upon foreclosure) or may require the consent of the senior lender or other members or partners of or equity holders in the related underlying property, or may otherwise prohibit a change of control of the related underlying property. These and other limitations on realization on the collateral securing a mezzanine security or the practical limitations on the availability and effectiveness of such a remedy may affect the likelihood of repayment in the event of a default.

- *Lower Credit Quality Investments.* There are no restrictions on the credit quality of the investments of a Client. A Client intends to invest in investments that may have substantial vulnerability to default in payment of interest and/or principal. Investments purchased by a Client generally will not be rated by rating agencies, and, if rated, may have the lowest quality ratings provided by such rating agencies. Lower rated and unrated investments have large uncertainties or major risk exposures to adverse conditions. Generally, such investments offer a higher return potential than higher rated investments but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these investments (such as subordinated investments) also tend to be more sensitive to changes in economic conditions than higher rated investments. Declining real estate values in particular will increase the risk of loss upon default, and may lead to a downgrading of the investments by the rating agencies, if rated. The value of such investments may also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.
- *Allocation of Revolver or Delayed-Draw Investment Obligations.* A Client may make revolver or delayed-draw investments with funding obligations that extend past the initial date of investment. To the extent a Client makes such an investment alongside other third-party co-investors, later funding obligations related to a revolver or delayed-draw investment may not be allocated pro rata among all the co-investors who participated in the initial funding of an investment. In particular, a Client may participate in the initial funding of an investment, but may not participate in later funding obligations (i.e., the revolver or delayed-draw portions) related to such investment, including because of capacity limitations that an investment vehicle may have for making new revolver or delayed-draw investments. As a result, a Client may be allocated a smaller or larger portion of revolver or delayed-draw investments than other co-investors participating in the investment. Investors that participate in the initial funding of an investment may receive certain economic benefits in connection with such initial funding, such as original issue discount, closing payments, or commitment fees and these benefits are expected to be allocated based on participation in the initial funding, regardless of participation in future funding obligations. In addition, where a Client and any other participating co-investors have not participated in each funding of an investment on a pro rata basis, conflicts of interest may arise between a Client and the other co-investors as the interests of a Client and the other co-investors may not be completely aligned with respect to such investment.
- *Effect of Changes in Interest Rates on Investments in Mortgage Loans.* Most mortgage loans, especially fixed rate mortgage loans, decline in value when long-term interest rates increase. Declines in market value, may ultimately reduce earnings or result in losses to a Client, which may negatively affect cash available for distribution to Investors.
- *Assignments and Participations.* A Client may acquire investments by way of assignment or by way of participation. Holders of participation interests are subject to additional risks not applicable to a holder of a direct assignment interest in a loan. In purchasing a participation, a Client might not have a right to enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation, or any rights of set-off against the obligor, and a Client may not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result, a Client would assume the

credit risk of both the obligor and the selling institution, which would remain the legal owner of record of the applicable loan. In the event of the insolvency of the selling institution, a Client may be treated as a general creditor of the selling institution in respect of the participation, may not benefit from any set-off exercised by the selling institution against the obligor and may be subject to any set-off exercised by the obligor against the selling institution. Assignments and participations are typically sold strictly without recourse to the selling institution, and the selling institution may make no representations or warranties about the underlying loan, the related underlying property, the terms of the loans or any other collateral securing the loans. Certain debt instruments have restrictions on assignments and participations which may negatively impact a Client's ability to exit from all or part of its investment in a loan.

- *Construction Lending Activities.* A Client may originate loans for the construction of commercial and residential use properties. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors, including generally larger loan balances, the successful completion of a project, the successful operation of the project (such as achieving satisfactory occupancy and rental rates) for repayment, difficulties in estimating construction cost and loan terms which often do not require the full amortization of the loan over its terms and instead provide for a balloon payment at stated maturity.
- *Loans Secured by Office Properties.* A Client may originate or acquire loans secured by office properties. A large number of factors may adversely affect the value of office properties including the impact of a recession on the local market and the building's tenants; the quality of an office building's tenants; an economic decline in the business operated by the tenants; the physical attributes of the building in relation to competing buildings and technology attributes; the availability of sublease space; the desirability of the area as a labor location; the strength, nature and employment rates of the local economy; and an adverse change in population, patterns of telecommuting or sharing of office space and employment growth (which creates demand for office space).
- *Loans Secured by Industrial Properties.* A Client may originate or acquire loans secured by industrial properties. Significant factors determining the value of industrial properties include the location of the property; the quality of tenants; a reduced demand for industrial space because of a decline in a particular industry segment; property becoming functionally obsolete; unavailability of labor sources; and changes in proximity of supply sources. Also, properties used for many industrial purposes are more prone to environmental concerns than other property types. Further, because of unique construction requirements of many industrial properties, many vacant industrial property spaces may not be easily converted to other uses. Concerns about the quality of tenants are similar in both office properties and industrial properties.
- *Loans Secured by Retail Properties.* A Client may originate or acquire loans secured by retail properties. Several factors may adversely affect the value and successful operation of a retail property, including, but not limited to: changes in consumer spending patterns and

local competitive conditions; the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing; and unemployment rates in the local economy. The general strength of retail sales also directly affects retail properties. If retail sales by the tenant in the Client's properties were to decline, the rents that are based on a percentage of revenue may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs.

- *Loans Secured by Multifamily Properties.* A Client may originate or acquire loans secured by multifamily residential properties. A large number of factors may adversely affect the value and successful operation of such properties, including: physical attributes of the property; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates; presence of competing properties; the tenant mix; state and local regulations; and government assistance/rent subsidy programs. Certain jurisdictions regulate the relationship of an owner and its tenants. In addition to U.S. federal, state and/or local regulation of the landlord-tenant relationship, some counties and/or municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration.
- *Fraud.* Of paramount concern with certain types of debt investments is the possibility of material misrepresentation or omission on the part of issuers or guarantors. Such inaccuracy or incompleteness may adversely affect the valuation of the investment or the collateral (if any) underlying the obligation, or may adversely affect the ability of a Client or its affiliates to perfect or effectuate a lien on the collateral securing the obligation. A Client or its affiliates will rely upon the accuracy and completeness of representations made by issuers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Client may be reclaimed if any such payment or distribution is later determined to have been made with an intent to defraud or prefer creditors. In addition, the quality of a Client's investments may be subject to the accuracy of representations made by the underlying issuers. Accordingly, a Client may be subject to the risk that the systems used by the originators of debt to control for such accuracy are defective.
- *Risks Arising from Purchases of Secondary Debt.* A Client may invest in secondary debt. A Client is unlikely to be able to negotiate the terms of secondary debt as part of its acquisition and, as a result, these investments may not include some of the covenants and protections generally sought when a Client makes primary investments. For example, debt investments offered in the debt markets in recent years (so-called "covenant lite" deals) often imposed less stringent covenants on the issuers of such debt investments than the covenants included in the terms of debt investments offered in previous periods. Many "covenant lite" debt investments issued during that time period may not obligate the property securing such debt to observe and maintain financial maintenance covenants, such as covenants requiring issuers to comply with a maximum leverage ratio, a minimum interest or fixed charge coverage ratio or maximum capital expenditures. Even if such covenants and protections are included in the investments held by a

Client, the terms of the investments may provide an underlying property substantial flexibility in determining compliance with such covenants.

- *Risks Relating to Fraudulent Conveyances and Voidable Preferences by Issuers.* Under U.S. legal principles, in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of securities (including a bankruptcy trustee), if a court were to find that the issuer did not receive fair consideration or “reasonably equivalent value” for incurring the obligation or for granting security, and that after giving effect to such obligation or such security, the issuer (a) was insolvent, (b) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital, or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate and avoid, in whole or in part, the obligation underlying an investment of a Client as a constructive fraudulent conveyance. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply to determine whether the issuer was “insolvent” after giving effect to the incurrence of the obligation in which a Client invested or that, regardless of the method of valuation, a court would not determine that the issuer was “insolvent” upon giving effect to such incurrence.

In addition, in the event of the insolvency of an issuer of securities in which a Client invests, payments made on such obligation could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before the issuer becomes a debtor in a bankruptcy case. In general, if payments on the obligation are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from a Client.

Even if a Client does not engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance or preference law, there can be no assurance as to whether any lending institution or other party from which a Client may acquire such security, or any prior holder of such security, has not engaged in any such conduct (or any other conduct that would subject the obligations under the security to disallowance or subordination under insolvency laws) and, if it did engage in such conduct, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against a Client so that a Client’s claim against the issuer would be disallowed or subordinated.

- *Risks Associated with Acquisitions of Portfolios of Debt Instruments.* A Client may invest in portfolios of debt instruments. A Client is unlikely to be able to evaluate the credit or other risks associated with each of the underlying issuers or negotiate the terms of underlying securities as part of their acquisition but instead must evaluate and negotiate with respect to the entire portfolio of debt instruments or, in the case where a Client invests in contractual obligations to purchase portfolios of debt instruments subsequently sourced by a third party, with respect to the origination and credit selection processes of such third party rather than based on characteristics of a static portfolio of debt instruments. As a result, one or more of the underlying investments in a portfolio may not include some of the characteristics, covenants and/or

protections generally sought when a Client acquires or makes individual investments. While some amount of defaults is expected to occur in portfolios, defaults in or declines in the value of investments in excess of these expected amounts may have a negative impact on the value of the portfolio and may reduce the return that a Client receives in certain circumstances.

- *Defects.* The properties underlying a Client's investments may have design, construction or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses, or the payment of damages to third parties. Engineering, seismic and other reports on which a Client's investment committee relies as part of its pre-acquisition due diligence investigations of these properties may be inaccurate or deficient, at least in part because defects may be difficult or impossible to ascertain. Statutory or contractual representations and warranties made by various issuers or sellers of properties that a Client invests in or acquires may not protect a Client from liabilities arising from property defects.

Risks Related to Regulatory Matters and Investment Structure

- *FATCA Reporting Requirements.* In order to comply with any applicable certification, documentation, information or other reporting requirements, including Sections 1471 through 1474 of the Code (FATCA), to avoid the imposition of a 30% U.S. withholding tax on the gross amount of certain payments made to or by an RFM Client, investors may be required to provide a Client or withholding agents with information concerning their nationality, residence, identity, or beneficial owners. In addition, if an investor receives such payments through a foreign financial institution, the payments may also be subject to the tax if the foreign financial institution does not comply with FATCA requirements.

To the extent an investor (or the foreign financial institution through which such investor receives payments) fails to comply with FATCA and thereby exposes the Fund to a tax or compliance burden, a Managing Entity may (i) organize an AIV at the expense of such investor and transfer such investor's Capital Commitments to such AIV or (ii) exclude such investor from the Fund, including requiring a transfer of the investor's interests to another person or the redemption of the investor's interests and cause such investor to withdraw from the Fund.

- *Failure to Maintain REIT Qualification.* RFM may organize one or more entities that have elected to be treated as a REIT for U.S. federal income tax purposes and through which a Client may make investments. Qualification as a REIT involves the application of highly technical and complex provisions of the Code, for which there are only limited judicial or administrative interpretations, and the determination of various factual matters and circumstances is not entirely within the REIT's control. If any REIT fails to maintain its qualification as a REIT in any taxable year, and certain relief provisions do not apply, the REIT would be subject to tax on its taxable income at regular corporate income tax rates. In such an event, there will be less cash available for a Client to distribute to its Partners.
- *Legislative Risks Associated with REITs.* Although a Client may hold certain REIT-qualifying assets through one or more REITs, there can be no assurance that U.S. federal laws and regulations pertaining to REITs will not change before any REIT can be established and qualified, or, once established and qualified, that such potential new laws and regulations would

not have a retroactive effect on any or all such REITs. As a result of any such changes, it may be impracticable for a Client and/or any such parallel investment entity to hold assets through a REIT.

- *U.S. Federal Income Tax Liability Resulting From IRS Audits.* U.S. federal income taxes arising from an Internal Revenue Service (“IRS”) audit will be paid by a Client absent an election to the contrary. In addition, a “partnership representative” will have the power to act on behalf of a Client and its Partners in all IRS audits and other proceedings involving a Client’s U.S. federal income, losses, deductions and credits.
- *Unrelated Business Taxable Income; Effectively Connected Income.* An investment in a Client involves complex federal, state and local income tax considerations that will differ for each Investor. A portion of a tax-exempt U.S. Investor’s allocable share of income from a Fund may constitute “unrelated business taxable income” in the hands of such Investor if such Partner borrows to make an investment in a Client or a Client makes an investment directly instead of through a REIT subsidiary. A non-U.S. Investor may be treated as engaged in a U.S. trade or business by reason of its interest in a Client. In addition, gain from the sale or disposition of an interest in a U.S. real property investment generally will be treated as effectively connected with a U.S. trade or business. Furthermore, all Investors may become subject to state and local income or franchise taxes in jurisdictions where a Client acquires real estate or otherwise conducts activities or is deemed to be engaged in business.
- *Income Taxes of Investors May Exceed Cash Distributions.* RFM intends for a Client be treated as a partnership for U.S. federal income tax purposes. Investors will be required to report their share of a Client’s income, losses, deductions and credits (which may include the income and other tax items of any partnerships, limited liability companies or other flow-through entities in which a Client invests) on their U.S. federal and state tax returns. For U.S. federal income tax purposes, any taxable income or dividends from any REIT subsidiary held by a Client and any gain of a Client generally will be allocated among the Partners in accordance with their respective interests in a Client, regardless of whether corresponding distributions are made to the Partners. A Client may make cash distributions to RFM in an amount sufficient to enable RFM to pay its income taxes on income allocated to RFM. Even if a Client has income or gains for U.S. federal income tax purposes, a Client will not be obliged to make distributions (or may lack sufficient cash available for distributions) to enable the Investors to pay their federal, state and local taxes as a result of such income or gain allocations. In such event, the Investors will have to utilize other resources to satisfy tax liabilities. RFM’s investment decisions are based primarily upon economic, not tax, considerations, and could result, from time to time, in adverse tax consequences to some or all Partners.
- *Delayed Tax Information.* A Client may not be able to provide final tax information to Investors for any given fiscal year until after the initial tax filing deadlines for Investors’ tax returns. Accordingly, Investors should plan to obtain extensions of the filing dates for their tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in a Client.

- *Changes in U.S. Tax Laws.* All statements contained herein concerning the U.S. federal income tax (or other tax) consequences of an investment in a Client are based on existing law and interpretations thereof. Recent or future changes in U.S. federal income tax law (or the interpretations thereof) could materially affect the tax consequences of an Investor's investment in a Client, and the tax treatment of a Client's portfolio investments. While some of these changes could be beneficial, others could negatively affect the after-tax returns of a Client and the Investors. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in a Client, or of investments made by a Client, will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of the Investors.

Recently enacted legislation changes the U.S. taxation of U.S. taxable investors, tax-exempt investors and non-U.S. investors. Among other changes, this legislation modifies the taxation of investments in flow-through entities conducting an operating business, imposes new limitations on various types of deductions (particularly for U.S. individual taxpayers), limits the deductibility of interest expense for investors in flow-through entities, and imposes new limits on the use by tax-exempt investors of losses from unrelated business activities.

The legislation also makes significant changes to the U.S. taxation of corporations. Among other changes, the legislation reduces the U.S. federal income tax rate on corporations from 35% to 21%, adds new limitations on interest expense and net operating loss deductions, allows 100% "bonus" first-year expensing of certain tangible personal property and purchased software, accelerates the time at which certain deferred revenue must be recognized, moves the U.S. towards a modified territorial tax system under which domestic corporations receive a 100% deduction for foreign-source portions of dividends received from 10%-owned foreign corporations, adds new provisions designed to discourage U.S. companies from locating their intellectual property in low-tax jurisdictions, and adds new rules to prevent so-called "base erosion" and corporate inversions.

The full implications of the recent legislation for investors and portfolio companies are not yet clear. Accordingly, there can be no assurance that the recent legislation or subsequent legislation, regulations and interpretations thereof will not have an adverse effect on a Client's investment performance or any investor's after-tax returns from a Client.

- *Impact of Government Regulations.* Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated that could restrict or curtail certain usages of existing structures, or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of any of a Client's investments secured by such real property. Operators are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce the revenue and profitability of a Client.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of RFM and the Clients. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact RFM and its affiliates, Funds and/or their investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to Clients.

- *Licensing Requirements.* Certain federal and local banking and regulatory bodies or agencies in or outside the U.S. may require a Client, a Management Entity, RFM and/or certain employees of RFM to obtain licenses or authorizations to engage in many types of investment activities including the types of investment activities contemplated by a Client. It may take a significant amount of time and expense to obtain such licenses or authorizations and a Client may be required to bear the cost of obtaining such licenses and authorizations. There can be no assurance that any such licenses or authorizations would be granted or, if granted, they would not impose restrictions on a Client. Such licenses may require the disclosure of confidential information about a Client, Investors or their respective affiliates, including financial information and/or information regarding officers and directors of certain significant Investors. A Client may not be willing or able to comply with these requirements. Alternatively, RFM may be compelled to structure certain potential investments in a manner that would not require such licenses and authorizations. However, such transactions may be inefficient or otherwise disadvantageous for a Client and/or any relevant property related to an investment, including a risk that the licensing authorities would not acknowledge such structuring alternatives in lieu of obtaining a license. The inability of a Client, a Management Entity or RFM to obtain necessary licenses or authorizations, the structuring of an investment in an inefficient or otherwise disadvantageous manner, or changes in licensing regulations, could adversely affect a Client's ability to implement its investment program and achieve their intended results.
- *Privacy, Data Protection and Information Security Compliance Risk.* Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of Related's current and planned business activities and as such could increase costs for a Client and/or its portfolio investments. A failure to comply with such laws and regulation could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have an impact on reputation.

A Client and certain properties related to a Client's investments are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar privacy, data protection and information security laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include RFM, the Management Entities, the Clients and/or their portfolio investments.

- *Cybersecurity Risk.* The General Partner, the Manager, the Investments, any of their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. For example, a Client may provide Investors all statements, reports, notices, updates, requests and any other communications required under the Partnership Agreement or under any Side Letter in electronic form, such as e-mail, posting on the Manager's web-based reporting site or other Internet service, in lieu of or in addition to sending such communications as hard copies via fax or mail. These systems are subject to a number of different threats or risks that could adversely affect a Client and the Investors, despite the efforts of the General Partner, the manager, the Investments and any of their service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, e-mail and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Client and the Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of or prevent access to the systems of RFM, or any of their service providers or counterparties or data within those systems without the knowledge of system users. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of RFM's or a third-party service provider's system to disclose sensitive information in order to gain access to their data or that of a Client's investors. A successful penetration or circumvention of the security of RFM, its affiliates or a service provider's systems could result in the loss or theft of an Investor's data or funds, the inability to access electronic systems, disruption of business, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Client and the Management Entities or any of their service providers to incur regulatory penalties, reputational damage, additional compliance costs, liability to clients or third parties, regulatory intervention or financial loss. RFM and its Clients make no assurances, representations or warranties in relation to these matters, and have not obtained representations or warranties in relation to these matters from all of their service providers. In addition, RFM and a Client's subsidiaries and each of their respective affiliates reserve the right to intercept, monitor and retain e-mail messages to and from its systems as permitted by applicable law.

- *Epidemic or Pandemic Considerations.* There is a risk that investments of RFM and its Clients could be, directly or indirectly, affected by one or more outbreaks of disease. The continuing impact of COVID-19, and other epidemics and pandemics that may arise in the future, could affect the economies of many countries, companies and the markets in general in ways that cannot necessarily be foreseen at the present time and may lead to major price disruptions, and declines in asset values, in real estate and financial markets worldwide, the impact of which could be sustained over a long period. Health crises caused by the recent coronavirus outbreak may also exacerbate other pre-existing political, social and economic risks in certain countries.
- *Environmental, Social and Governance (“ESG”) Matters.* RFM maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that RFM will be able successfully to implement its ESG policy or to make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by RFM, or any judgment exercised by RFM, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what positive ESG characteristics mean by region, industry and topic. RFM’s interpretations and decisions are expected to differ from others’ views and could also evolve over time. In addition, in evaluating an investment, RFM expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause RFM to incorrectly assess a company’s ESG practices and/or related risks and opportunities. RFM does not intend to independently verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on RFM’s view of certain ESG-related and other factors and could cause the relevant Client not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies, which could negatively impact RFM’s performance. For avoidance of doubt, however, RFM does not expect to subordinate a Fund’s investment returns or increase a Fund’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and RFM’s adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. RFM’s ESG policies could become subject to additional regulation in the future, and RFM cannot guarantee that its current approach will meet future regulatory requirements.

- *Limited Access to Information.* Investors’ rights to information regarding a Client, the relevant Management Entity or RFM generally will be specified, and in many cases strictly limited, by a Client’s Governing Documents. In particular, it is anticipated that the RFM and its affiliates will obtain certain types of material information from or relating to a Client’s investments that

will not be disclosed to Investors because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of RFM's control. Decisions by RFM or its affiliates to withhold information may have adverse consequences for Investors in a variety of circumstances. For example, an Investor that seeks to transfer its interest in a Client may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for an Investor to monitor RFM and its performance. Additionally, it is anticipated that Investors that designate representatives to participate on a Client's advisory board generally may, by virtue of such participation, have more or earlier information about a Client and its investments in certain circumstances than other Investors. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Client succeeds in asserting confidentiality for requested documents and other materials, and RFM reserves the right to withhold certain information from investors subject to such laws for reasons relating to RFM's public reputation, business strategy or other reasons.

- *Material, Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of RFM and its affiliates, as well as in connection with RFM personnel serving in the capacity of an officer or director, RFM frequently comes into possession of confidential or material, non-public information., RFM and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Client, a Client may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or RFM's internal policies and practices.
- *Anti-Money Laundering, Anti-boycott, and Other Sanctions Restrictions.* Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent RFM or the Clients from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Client's acquisition of a portfolio company may preclude other Clients from making an attractive acquisition or require one or more other Clients to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Client may be adversely affected because of RFM's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws

or regulations may make it difficult or may prevent a Client from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by RFM or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Client will be able to participate in all potential investment opportunities that fall within its investment objectives.

- *CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Client, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Client from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Client’s performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. Investors comprise a substantial percentage of a Client. Under the Governing Documents, the relevant Management Entity generally is authorized, although not required, to excuse or otherwise limit non-U.S. Investors’ ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Client to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.
- *Transactions with Affiliates.* RFM has a shared services agreement with Related. Related is a vertically-integrated real estate development organization with development, construction, leasing, property management, and other real estate capabilities. One or more Funds are permitted to engage RFM, Related, or affiliates of one or the other to provide: property management, brokerage, financing, loan servicing, leasing, development, insurance, security, construction management, and other real estate-related services with respect to investments; provided, that the rate and terms of these arrangements will be generally consistent with rates and terms as would be agreed for the provision of similar services by similar quality providers on an arms’ length basis to unaffiliated third parties.
- *Recently Adopted Rules.* On August 23, 2023, the SEC adopted a number of new rules and amendments to existing rules under the Advisers Act (the “*Private Fund Adviser Rules*”) including new requirements related to quarterly statements, financial statement audits, adviser led secondaries, restricted activities and the preferential treatment of certain investors. Specifically, the Private Fund Adviser Rules include (a) a requirement for detailed quarterly disclosure to investors of private fund performance, fees and expenses (including disclosure of

the compensation paid to the investment adviser and its affiliates) and additional portfolio investment level disclosure, (b) a requirement to deliver to each private fund investor the results of a private fund annual audit conducted by an independent public account, (c) a requirement to obtain a fairness opinion or valuation opinion in connection with any investment adviser led secondary transaction; (d) limitations and conditions on the ability of investment advisers to charge certain types of fees and expenses (including reductions to carried interest clawbacks for taxes and fees and expenses related to investigations that result in sanctions under the Advisers Act), as well as a prohibition on the allocation of fees or expenses related to a portfolio investment on a non-pro rata basis among multiple private funds invested in the same portfolio investment unless the allocation is fair and equitable and the investment adviser provides a prior written notice of the non-pro rata allocation and a description of how such allocation is fair and equitable, (e) subject to certain limited exceptions, limitations on an investment adviser's ability to grant certain types of preferential terms regarding redemption or information about portfolio holdings or exposures to only certain investors in private funds (e.g., through Side Letters), (f) a requirement to provide written notice to current and prospective investors in private funds of certain preferential terms granted to only certain investors in the same fund and (g) a requirement for the investment adviser to document an annual compliance review.

While the full impact of the Private Fund Adviser Rules cannot yet be determined, it is generally anticipated that these rules will have a significant effect on private fund advisers and their operations, including by increasing regulatory and compliance costs and burdens and heightening the risk of regulatory inquiries and actions (including public regulatory sanctions). The Fund is expected to bear certain regulatory and compliance costs relating to the Private Fund Adviser Rules, which could include (without limitation) fees, costs and expenses incurred in connection with preparing and distributing to investors the quarterly statements required by the rules, soliciting and obtaining from investors any consents required by the rules, providing investors with any notices or disclosures required by the rules and obtaining and distributing to investors fairness or valuation opinions in connection with adviser-led secondary transactions (including fees paid to third parties engaged by RFM or a Fund to perform or assist with such actions or processes), which fees, costs and expenses have the potential to be material.

The Private Fund Adviser Rules include certain audit requirements, which may require RFM to select a different auditor or obtain an additional audit, even if RFM does not believe it is in the best interest of the Fund or its investors to do so. Further, many provisions of the Private Funds Adviser Rules require RFM to make a variety of subjective determinations as to whether and how such rules apply to a Fund and RFM's related obligations. In addition, under the Private Fund Adviser Rules, RFC will become subject to a requirement to disclose preferential treatment terms, including provisions agreed in Side Letters. The Side Letter disclosure requirements and restrictions are expected to influence RFM's decisions with respect to agreeing to certain preferential rights.

RFM will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. As with any new rulemaking, RFM's implementation and

compliance with such rules will entail subjective judgments regarding the application thereof to its business. Any such determinations may be subject to revision in the event of clarifying guidance from the SEC, changes to the Private Fund Adviser Rules as a result of litigation and/or other regulatory updates or developments.

The Private Fund Adviser Rules have the potential to result in material alterations to how RFM operates its business and/or a Fund, as well as RFM's implementation of a Fund's investment strategy, to significantly increase compliance burdens and associated costs (which, to the extent permitted under the Partnership Agreement and consistent with applicable law, including the Private Fund Adviser Rules (once they become effective), will be treated as Fund Expenses) and complexity and to possibly restrict the ability to receive certain expense reimbursements in certain circumstances. This, in turn, may increase the need for broader insurance coverage by fund managers and increase such costs and expenses charged to the Fund and its investors, if permitted. In addition, these amendments could increase the risk of exposure of a Fund and/or RFM to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect RFM and a Fund's reputation, and to negatively impact the Fund in conducting its business. There can be no assurance that the Private Fund Adviser Rules and any other new SEC rules and amendments will not have a material adverse effect on a Management Entity, a Fund, its Investments and/or the limited partners or that such rules or amendments will not materially reduce returns to limited partners.

Notwithstanding the foregoing, there can be no guarantee as to the enforcement in practice of the Adopted Rules. In particular, on September 1, 2023, six trade associations filed suit in the Fifth Circuit federal Court of Appeals challenging, among other things, the validity of the Private Fund Adviser Rules and the authority of the SEC to enact such rules. As a result, there can be no guarantee as to the content of the Private Fund Adviser Rules given current litigation.

RFM Funds' Investments. From time to time, the Fund and other investment vehicles managed by the Manager may make investments in different parts of an Investment's capital structure. For example, one or more clients of the Manager may own senior debt obligations in an Investment and the Fund may own junior debt or equity in the Investment. In such circumstances, matters such as decisions over the operations or activities of the Investment, negotiations over the terms and conditions of the Investment, decisions with respect to amendments, modifications, consents or waivers, the targeted returns from the Investment, the timeframe for, or method of, exiting the Investment, or bankruptcy-related matters (including decisions over whether to trigger an event of default or over the terms of any workout) are likely to result in conflicts of interest. For example, a senior debt holder may be better served by a liquidation of the Investment in which it may be paid in full, whereas an equity or junior debt holder might prefer a reorganization that holds the potential to create value for the equity holders.

Sponsor-Led Secondary Transactions. There continues to be a significant market in the private fund sector for secondary sales, sponsor-led transactions, continuation funds, successor fund

investments and other liquidity transactions for fund investments, and RFM reserves the right to seek to dispose of (or seek additional capital for) Fund investments through such means. The buyer in any such situation may be a third party or an affiliate of RFM (including, without limitation, an owner of RFM or an affiliate thereof). These transactions often involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by RFM following the transaction, or alternative transactions. These types of transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where RFM believes there is the potential for additional value generation or a long-term strategic reason to retain ownership of the asset or assets. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple investment vehicles sponsored by RFM and its affiliates), often on different terms than the original investment in the applicable fund. Certain of such transactions are expected to require: a limited partner to invest additional capital in the Fund and/or other investment vehicles; a greater exposure to one or more particular assets; and/or a delay in the full liquidation of an investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant asset may have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Any such transaction with respect to a Fund has the potential for conflicts between the interests of such Fund and/or its limited partners, on one hand, and those of RFM or any buyer group, on the other hand, that typically are not applicable to more traditional investment sales. For example, in circumstances where RFM or an affiliate thereof will continue to manage and receive fees and/or performance-based compensation relating to the applicable assets following the transaction (potentially in addition to performance-based compensation earned by RFM or an affiliate on the sale of an asset from a Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest which may arise among the Fund, RFM and any buyer group relating to the valuation and consideration offered for the assets subject to the transaction. To the extent RFM requires existing limited partners and/or new buyers to commit capital to a continuation vehicle or another vehicle it manages in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for such Fund and its limited partners.

There can be no assurance that any such transaction will accurately reflect the fair market value of the assets being sold or otherwise recapitalized by a Fund. Further, a Fund general partner is expected to be incentivized to make investments in assets with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in a Fund, and in such circumstances RFM reserves the right to compel co-investors to receive

cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners in a Fund will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are expected to be disclosed to limited partners and/or the advisory board prior to the closing of the transaction, there can be no assurance that RFM will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual limited partner or group of limited partners. However, RFM reserves the right, in its sole discretion, to determine to engage in such transactions. Further, RFM is permitted to (and reserves the right to) seek the consent of the applicable advisory board to approve conflicts associated with such transactions, and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of the Fund's investments, to the extent such transactions are not consummated, a Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client or a prospective Client, in their evaluation of RFM's advisory business or the integrity of its management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration.

Currently, Sand Capital, RFM's wholly-owned broker dealer, does not provide any broker-dealer or advisory services to RFM Clients, but may do so in the future.

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

Neither RFM 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.

RFM serves as the investment adviser, manager or managing member of each Client. The Management Entities serve as the general partners or managing members of certain Clients. RFM or an affiliate of RFM is the general partner or managing member of each Management Entity.

The officers and supervised persons of RFM who play key roles in managing the investment program of each Client may spend a significant portion of their time on matters other than, or only tangentially related to, the Clients' investment programs. Investment committee

members across RFM Clients 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 Clients have no interest. Conflicts of interest may arise in the allocation of time management, services or other resources to and among Clients and other investments and projects.

As further described below in *F. Fees for Related Services*, in certain instances, affiliates of RFM are entitled to receive fees from Clients and portfolio entities in consideration for certain services provided, including property management, real estate brokerage, loan servicing, origination, structuring, special servicing, leasing, financing, development, physical security and construction management and other real estate-related services. These services are provided on a non-exclusive basis, and conflicts of interest will arise in allocating time and resources among Clients of RFM and other entities (including Related) to which these affiliates provide similar services. Additionally, third parties in which affiliates of RFM have non-controlling economic interests potentially will provide title, construction management, development and other real estate-related services for Clients in exchange for fees payable by RFM or its investments for such Clients.

RFM principals sometimes make personal equity or other investments in companies that may provide services to RFM Clients. Such investments will potentially give RFM access to market research and/or favorable pricing for services when engaged by an RFM-managed Fund/real estate asset. In particular, RFM and its principals have in the past entered into, and expect to continue to enter into, relationships with companies in the technology, real estate services and other sectors and industries, whereby RFM principals acquire a minority equity or other interest in such companies that, in turn, transact with a Client or the Client's real estate investments. RFM, as the investment adviser and asset manager may refer, introduce or otherwise facilitate transactions for RFM Clients. While such transactions have the potential for inherent conflicts of interest, RFM has adopted conflict mitigation strategies, including discussing the potential conflict and mitigating factors with the Chief Compliance Officer and the General Counsel of Related and as applicable, obtain approval of a Client's advisory board or provide other limited partner disclosures.

For a discussion of additional 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.

RFM does not recommend or select other investment advisers for its Clients.

E. Allocation of Investment Opportunities.

RFM provides investment advisory services to a number of Clients and expects in the future to provide such services to additional Clients. Related and its affiliates (other than RFM) engage in a broad spectrum of real estate investment activity that will potentially overlap with the investment strategies of RFM Clients. In addition, RFM personnel reserve the right to manage

their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing.

Each Client's Governing Documents generally include restrictions on the allocation of investment opportunities. In addition, the Governing Documents may include provisions for allocating specific types of investment opportunities to one or more Clients. Subject to specific fund restrictions, RFM 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 Client, target rates of return, diversification considerations, risk profile, available capital and expected holding periods). It may be possible for one Client to compete with other Clients for investment opportunities. To the extent an advisory opportunity is received that is unsuitable for a Client, in RFM's sole discretion, RFM and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity.

In exercising its discretion, RFM is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Clients with differing fee, expense and compensation structures, RFM has an incentive to allocate investment opportunities to Clients from which RFM or its related persons derive, directly or indirectly, a higher fee, compensation or other benefit. However, as an investment adviser registered under the Advisers Act, RFM is required to uphold its fiduciary responsibilities and resolve any conflicts of interest on a fair and equitable basis.

F. Fees for Related Services.

As described under *Item 5 – Fees and Compensation — C. Other Fees and Expenses*, RFM or its affiliates are entitled to receive fees from RFM Clients and portfolio entities in consideration for certain services provided, including property management, real estate brokerage, origination, restructuring, loan servicing, special servicing, leasing, financing, development, physical security and construction management and other real estate-related services. Except as disclosed in the Governing Documents of the firm's Clients, the terms of any fees and related services will be on terms that are intended to be not less favorable to the Client than would be obtained on an arm's length basis, considering the nature of the transaction and the services provided.

RFM or an Affiliate are expected from time to time to act as the "directing certificate holder" (the "DCH") of securitization trusts in which Clients own interests. Except where otherwise specified in the applicable Governing Documents, RFM will be entitled to retain any approval or consent fees payable to the DCH and such fees will not offset or reduce the management fee or incentive compensation payable to RFM by the applicable Client nor will the applicable Client have any right, title or interest in respect of such fees. In certain instances, RFM or affiliates may retain the DCH title and continue to collect DCH fees after selling an investment. This practice creates an inherent conflict of interest that the retention of a DCH fee by RFM would influence seeking out the best bid for the Client. RFM seeks to mitigate this conflict by obtaining competitive bids and selection of best price, irrespective of any potential to retain the DCH fee.

RFM also reserves the right to receive loan underwriting, origination, servicing and DCH fees from borrowers with respect to loans made by Clients as compensation.

The opportunity to earn these fees creates a potential conflict of interest between RFM and its affiliates on the one hand, and each Client and its investors, on the other hand, because (i) the amount of fees potentially will be substantial and (ii) Clients and its investors (excluding Related personnel) do not have an interest in affiliates receiving such fees.

RFM and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Client providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of RFM's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Client's advisory board, transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms.

RFM is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (e.g., based on commitment amount to a Client or the timing thereof, the ability of a limited partner to provide sourcing or other services to RFM, its affiliates and personnel or the Clients, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to RFM, its affiliates and personnel, or the Clients. Further, Side Letters also are expected to relate to strategic relationships under which an investor agrees to make commitments to multiple Clients or with respect to co-investment vehicles, separate account arrangements or other strategic investment opportunities. Any such Side Letter is expected to include terms (including, for example, fee reductions or waivers) that apply not only to a single Fund but also with respect to other vehicles, co-investments or accounts in which the recipient of such Side Letter participates. Except where required by Governing Documents or under applicable law, other investors generally will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Client, RFM, the relevant Management Entity or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters with respect to a Fund in which such investors are invested or with respect to any other vehicle or account in which the recipient of a Side Letter participates. Side Letters subject RFM to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Client's advisory board results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments. Although RFM believes it to be unlikely, excuse rights requested or received by one or more limited partners (or such regulatory,

tax or other factors applicable to such limited partners) representing a substantial percentage of a Client have the potential to create significant variations in limited partner investment returns, or to influence or affect the investment strategy and pursuit of investment opportunities by the Management Entity on behalf of the relevant Client as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Client. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Client.

The relevant liability standards under insurance coverage procured by RFM are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in RFM's insurance coverage are higher or lower than that set forth in the Governing Documents.

RFM generally exercises its discretion to recommend to a Client or portfolio investments that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) RFM or a related person of RFM; (ii) an entity with which RFM or its affiliates or current or former members of their personnel has a relationship or from which RFM or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers; or (iii) certain limited partners or their affiliates. For example, RFM expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or a related business. Further, from time to time RFM and its affiliates use private jets owned by RFM principals, and charges the applicable Fund the cost of such travel including other fixed costs, subject to any limits specified in the applicable Governing Documents of the Fund. This discretion subjects RFM to conflicts of interest, because, although RFM selects service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, RFM has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that RFM, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or RFM), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. RFM will not necessarily seek out the lowest cost options when incurring such expenses. Although RFM generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers.

Additionally, in circumstances where RFM commits, has committed or intends to seek “market” or “arms-length” rates or terms (including with respect to Professional Services and any other services provided by RFM or its affiliate), RFM will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. RFM reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, RFM undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets or, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, RFM reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not RFM has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. In respect of benchmarking, while RFM seeks to obtain benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by RFM and/or its affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services. In addition, benchmarking data is based on general market and broad industry overviews, rather than determined on a portfolio investment by portfolio investment basis. As a result, benchmarking data does not take into account specific characteristics of individual investments then owned or to be acquired by a Fund (such as size or location), or any particular characteristics of the services provided. Further, it could be difficult to identify comparable third-party service providers that provide services of a similar scope and scale as RFM or its affiliate that are the subject of the benchmarking analysis or to obtain detailed information about pricing of a service comparable to that being provided to a Fund from third-party service providers if such service providers anticipate that RFM will not in fact engage their services. For these reasons, such market comparisons may not result in precise market terms for comparable services. Any commitment to verify or validate “market” or “arms-length” rates or terms means that RFM (or applicable personnel) have reviewed the applicable rates to consider whether RFM has made a reasonable determination in its discretion consistent with the limitations and factors outlined above.

Where multiple Clients invest at the same, different or overlapping levels of a portfolio investment’s capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, may raise conflicts of interest, particularly with respect to Clients that have invested in different securities within the same portfolio investment. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Client generally will supply such additional capital in such amounts, if any, as determined by RFM in its sole discretion.

Because of the different legal rights associated with debt and equity of the same portfolio investment, RFM expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Client versus another Client (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of an investment in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Clients. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Clients invest in the same investment at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Clients; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses relating to the transaction, regardless of whether other Clients could or would have invested in the investment in potential future transactions. Further, there can be no assurance that the relevant Client and the other Clients with which it co-invests will exit such investment at the same time or on the same terms. RFM and its affiliates reserve the right from time to time express to inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Clients participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Clients. In that regard, actions taken for one or more Clients may adversely affect other Clients.

In addition, portfolio investments (and, to a lesser extent, the Clients) typically pay certain fees to, and reimburse expenses of, real estate operating partners and other consultants and such amounts do not offset or reduce the Management Fee as described herein. RFM reserves the right to agree with operating partners, joint venture or similar partners, service providers, that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. Operating partners generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund, as described herein. Although the use of operating partners and the allocation of compensation paid to them by RFM and its affiliates subjects RFM and/or its affiliates to potential conflicts of interest, RFM believes that such potential conflicts have the potential be reduced by the anticipated cost savings to portfolio investments (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the operating partner is lower than market rates for the services provided and/or if the services of the operating partner align with RFM's model for the portfolio investment and its performance. Although RFM seeks to retain operating partners with a view to reducing costs to portfolio investments (and, ultimately, the Clients) and/or improving investment performance, a number of factors may result in limited or no cost savings from such retention. RFM also seeks to reduce potential conflicts of interest resulting

from such arrangements by structuring compensation packages for such persons in a manner that RFM believes will align such persons' interests with those of the Clients' limited partners, and seeks to retain only operating partners and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

From time to time, a Fund may establish or invest in platform companies or similar platform investments that seek to acquire interests in other companies and/or assets. While the relevant Fund would typically be involved in the strategy and oversight of any platform investment, a platform investment typically would retain its own management team and/or other personnel to operate, administer and manage the platform on a daily basis. In such cases, the relevant Client generally will directly or indirectly bear the expenses related to developing and operating the platform investment, including overhead expenses (such as real estate, technology, salaries, bonuses, personnel costs and incentive-based compensation (e.g., equity, a profits interest, options and warrants)), investment sourcing and diligence expenses, transaction fees and other related expenses. Such expenses generally will not offset any Management Fee paid by the Clients.

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

A. Code of Ethics.

RFM has adopted a Code of Ethics which, among other things, requires its supervised persons and access persons, as applicable, to (i) comply with the letter and spirit of all applicable laws, rules and regulations; (ii) report their personal securities transactions and holdings; (iii) seek and obtain approval in writing prior to acquiring any direct or indirect beneficial ownership in any public or private transaction; and (iv) 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 (or any investors or potential investors in each Client).

B. Principal Transactions.

In limited circumstances, RFM potentially will recommend that a Client purchase from, or sell assets to, RFM, its affiliates or their respective personnel, or RFM will effect the sale on behalf of one Client to another Client. If RFM, 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, where applicable, the requirement to obtain the prior consent of each Client that is a party to the transaction. In the case of investment vehicles, this prior consent may be obtained directly from investors in the relevant investment vehicle (which potentially would be granted in the vehicle's governing documents) or, where expressly written in the Client's Governing Documents, from an advisory board comprised of certain investor representatives of the investment vehicle.

C. Investments in Securities Recommended by the Investment Adviser.

RFM, its affiliates and their personnel, or their contacts or service providers, on occasion will have a direct or indirect financial interest in the securities and other assets purchased and sold by a Client, including as a result of co-investment and Carried Interest arrangements.

Certain Governing Documents specify that RFM, its affiliates and their personnel (as well as other key advisors/relationships of RFM) will be permitted or required to make investments alongside, or in, the Clients. Such side-by-side investments do not bear fees and will result in Clients (or their investors) being allocated a smaller share of an investment than would otherwise be the case in the absence of such side-by-side investment rights. These arrangements, which are disclosed to each Client, generally are intended to align the interests of RFM's personnel with investors in each Client.

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

There are circumstances where an amount that would have otherwise been invested by a Client is instead allocated to co-investors, and there is no guarantee for any investor that it will be offered any co-investment opportunities. The allocation of co-investment opportunities is entirely discretionary and it is expected that many investors who have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or will receive fewer co-investment opportunities than what was originally requested or anticipated. RFM will take into account various facts and circumstances deemed relevant by RFM in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, whether a potential co-investor has a history of participating in co-investment opportunities with Related, the size of the potential co-investor's interest to be held in the underlying investment as a result of the Client's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Client), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Related, the Clients, or other co-investments and/or investment vehicles, and other such factors that RFM deems relevant under the circumstances.

Although RFM reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by RFM in identifying co-investors. Additionally, RFM reserves the right to permit operating partners, joint venture partners, vendors or service providers to co-invest alongside the Funds. RFM reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities. Furthermore, RFM expects to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that could have

been taken by the relevant Fund, and RFM expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subject to Management Fees and/or performance based compensation, co-investments blend the effective rate of compensation paid by a Fund investor that participates in such co-invest and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. When and to the extent that employees and related persons of RFM and its affiliates make capital investments in or alongside certain Funds, RFM and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

RFM's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While RFM will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which RFM expects to be subject, discussed herein, did not exist.

ITEM 12 BROKERAGE PRACTICES

RFM typically provides advice with respect to investments in real estate, real estate-related assets or private real estate-related securities. In limited circumstances where a Client purchases public securities or holds such securities as a result of a portfolio entity becoming publicly traded, RFM follows applicable SEC guidelines and seeks to obtain best execution in executing such transactions. In selecting brokers and negotiating commission rates, RFM will look for the lowest possible commission cost or dealer spread, as well as for whether the transaction represents the best qualitative execution, therefore taking 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.

RFM currently has no arrangements with any 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). RFM may in the future effect transactions through, or otherwise use, Sand Capital or 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 Clients managed by RFM. Because RFM's policy is to select brokers on the basis of best execution, RFM does not believe this presents a conflict.

To the extent RFM aggregates orders for purchase and sale, it will aggregate such orders as it deems appropriate and in accordance with the Governing Documents of the Clients and in a manner that it believes to be in the best interest of each Client.

ITEM 13 REVIEW OF ACCOUNTS

A. Monitoring of Accounts.

RFM's investment staff is responsible for reviewing and monitoring each Client's investments on an ongoing basis. The investment staff includes RFM'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.

RFM monitors each Client's performance and investments on an ongoing basis.

C. Reports to Clients.

Reports are prepared and furnished to investors in accordance with the Governing Documents of each Client. Generally, each investor is provided with (i) unaudited financial statements and summary information with respect to each investment on a quarterly basis and (ii) 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 Client on an annual basis.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Non-Client Compensation or Benefit.

RFM and its affiliates provide certain services to Related entities or investments in each Client may receive compensation from each Client investment or Related entity accordingly. These services are described in greater detail under *Item 5 – Fees and Compensation — C. 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 RFM, depending on the Governing Documents of each Client. RFM generally seeks to address potential conflicts of interest resulting from the provision of additional services to Clients and Client investments in exchange for fees by (i) agreeing with the Client (or in the case of a single-investor investment vehicle, the investor or investors) that the terms of any such dealing will be on terms no less favorable to the Client and/or its investments than would be obtained on an arm's length basis, considering the nature of the

transaction and the services provided, (ii) maintaining policies and procedures designed to cause RFM, its affiliates and their personnel to satisfy their fiduciary duties to each Client in connection with their activities, and (iii) in certain vehicles, disclosing such fees and services to the Client or the LPAC.

B. Solicitation Arrangements.

From time to time, RFM or its affiliates may enter into solicitation arrangements pursuant to which RFM or its affiliates compensate third parties for referrals that result in a Client establishing a relationship with RFM or its affiliates, or pursuant to which RFM or its affiliates compensate a placement agent for sales of interests in an investment vehicle that is formed or sponsored by RFM. Any fees and expenses payable to such solicitors or placement agents will be borne by RFM, the Managing Entity of a Client or may be payable by Client, but if so, will be offset against, or otherwise be applied to reduce asset management fees.

ITEM 15 CUSTODY

RFM 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 Clients and securities of its Clients. RFM's Funds generally are audited within 120 days of the end of the fiscal year in a manner intended to comply with Rule 206(4)-2(b)(4) under the Advisers Act. For any Client that is not subject to an audit, custodial account statements are provided to Clients and investors, and accounts that RFM is deemed to have custody are subject to a surprise asset verification by an PCOAB registered accountant, as required under Rule 206(4)-2(a) (3) and (5) under the Advisers Act.

ITEM 16 INVESTMENT DISCRETION

Pursuant to each Client's Governing Documents, RFM (or the applicable Management Entity) have discretionary authority to make investment determinations on behalf of Clients. This authority is subject to limitations set forth in the applicable Governing Documents (including any side letters executed with investors).

ITEM 17 VOTING CLIENT SECURITIES

RFM's Clients generally invest in real estate and real estate-related assets that do not issue proxies.

To the extent that any Client holds voting securities, RFM (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 a particular Client. The voting securities held by the firm's Clients in most cases entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly traded securities, Clients generally have broad voting authority

(directly or indirectly) on a wide range of matters affecting these privately held issuers. RFM (or the applicable Management Entity) may also have the authority to direct the voting of publicly traded securities. If RFM (or the applicable Management Entity) exercises the voting rights attributable to interests in privately held issuers or publicly traded securities on behalf of Clients, it does so in the interests of the applicable Client and in a manner consistent with the Client's investment objectives. When voting securities, RFM (or the applicable Management Entity) considers relevant factors, 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. RFM has adopted a proxy voting policy, which is designed to ensure that RFM (or the applicable Management Entity) votes a Client's securities in the best interests of each Client. In the voting of Client securities, RFM does not believe material conflicts of interest would arise between its interests on the one hand and the interests of the Clients on the other.

Clients cannot direct the vote of RFM or the Management Entities in a particular solicitation.

Clients or, in the case of an investment vehicle, existing investors in the investment vehicle, may request information from RFM about how any voting securities held by each Client were voted. RFM will provide a copy of its proxy voting policy to any existing Client or investor upon request.

ITEM 18 FINANCIAL INFORMATION

RFM does not require or solicit prepayment of more than \$1,200 in fees per Client six months or more in advance. However, the Firm does have Clients that do choose to pay management fees semiannually in advance. RFM does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to 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 RFMS

Not applicable.