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Part 2A of Form ADV: Firm Brochure

March 31, 2015

This brochure provides information about the qualifications and business practices of Related Fund Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 801-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Related Fund Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

The most recent Part 2A of Form ADV of Related Fund Management, LLC (“*Related Fund Management*”) was dated March 28, 2014. The material changes since the most recent Part 2A consist of:

- Item 4: Updated assets under management of Related Fund Management as of December 2014.
- Item 10: Updated: (1) the approved broker-dealer registration of an affiliate of Related Fund Management and (2) the names of current private fund clients.

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ITEM 4 ADVISORY BUSINESS

A. *Description of Advisory Firm and Principal Owner.*

Related Fund Management is a Delaware limited liability company formed in April 2009 to provide real estate-related investment advisory services to private funds, institutional investors and, in some instances, high net worth clients. Related Fund Management is principally owned by The Related Companies, L.P., a New York limited partnership (“*Related*”). Through indirect ownership of Related, Stephen M. Ross is a principal owner of Related Fund Management.¹

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

Related Fund Management was formed by Related for the purpose of providing real estate-related investment advisory services to its clients across a range of real estate asset investments, including equity, debt and mezzanine debt. Related Fund Management is managed by a five-member team of senior professionals. The team members average 27 years of relevant experience and 16 years of experience working at Related.

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

B. *Advisory Services Offered.*

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

- sourcing, investigating, structuring and negotiating potential investments;
- acquiring (and in the case of investments in certain construction loans, originating) investments on behalf of the clients;
- monitoring, developing, rehabilitating, managing and/or operating investments post-acquisition, including in some cases in collaboration with or through unaffiliated third parties;
- reporting to clients on the performance of their investments;
- providing day-to-day managerial and administrative services to clients; and

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

- advising with respect to the timing and terms of disposition opportunities (including refinancing opportunities).

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

As of December 31, 2014, all of Related Fund Management's clients were privately offered pooled investment funds and single-investor funds that are exempt from registration under the Investment Company Act of 1940. Related Fund Management or one of its controlled affiliates (each such affiliate, a "*Management Entity*") serves as the investment adviser, manager or managing member of each of its clients. The Management Entities are subject to Related Fund Management's regulatory oversight and its Code of Ethics, together with its other compliance policies and procedures as adopted by Related Fund Management. References in this brochure to Related Fund Management may include, as the context requires, the Management Entities. The advisory services provided to funds of one are tailored to the particular needs of the external client, as set forth in the governing documents of the fund of one.

C. Individually Tailored Advisory Services.

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

D. Wrap Fee Programs.

Related Fund Management does not participate in wrap fee programs.

E. Assets Under Management.

As of December 2014, Related Fund Management managed approximately \$2.3 billion of private fund client assets, all of which is managed on a discretionary basis.

The total assets under management include gross real estate assets, real estate-related assets, securities, cash, uncalled capital commitment amounts, accounts receivable, security deposits, prepaid assets, short term investments and other assets. Assets under management for

clients with investments in joint ventures are adjusted to reflect the total gross assets within the joint venture multiplied by the client's direct or indirect ownership percentage.

ITEM 5 FEES AND COMPENSATION

A. Description of Compensation.

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

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

Related Fund Management generally may waive or reduce the Management Fees and/or Carried Interest attributable to any Investor in a pooled investment vehicle it manages.

In addition, affiliates of Related Fund Management may receive additional compensation 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 pooled investment fund or fund of one and are generally payable out of current cash flow or disposition proceeds, or from drawdowns of the unfunded capital commitments of the investors in such clients. Carried Interest amounts are distributed by the applicable pooled investment fund or fund of one out of investment proceeds that are available for distribution. Investors in pooled investment funds and funds of one are not separately billed for services.

C. Other Fees and Expenses.

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

Each pooled investment vehicle or fund of one generally bears all fees, costs and expenses related to such client's operation and administration, which may include:

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

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

Other fees and expenses may be charged to a private fund client if provided for in the client's governing documents.

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

The description of fees and expenses above is not intended to be exhaustive; prospective and existing clients and investors in private funds and funds of one managed by Related Fund Management or its affiliates are advised to review the applicable offering documents and organizational documents for a more extensive description of the fees and expenses associated with an investment in an investment vehicle.

D. Payment of Fees in Advance.

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

E. Additional Compensation and Conflicts of Interest.

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

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

As described in *Item 5 – Fees and Compensation*, Related Fund Management and the Management Entities are generally eligible to receive Carried Interest or other Incentive Compensation with respect to 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 such clients such as the prior return of capital to Investors and/or prior payment to investors of a certain rate of return on invested capital. Certain supervised persons of Related Fund Management, as direct or indirect equity owners of Related Fund Management or the Management Entities, will be eligible to receive distributions attributable to receipt of performance-based compensation.

The terms applicable to the performance-based compensation vary between clients. Accordingly, Related Fund Management, the Management Entities and the supervised persons may have differing compensatory interests with respect to different clients and their differing compensatory interests may create stronger incentives for Related Fund Management to offer investment opportunities to certain clients. However, Related Fund Management's fiduciary obligations to act in the best interest of its clients as well as its contractual obligations to such

clients obligate Related Fund Management to meet certain professional standards of care and mitigate potential conflicts of interest that may exist with respect to the allocation of time and resources between the clients.

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

ITEM 7 TYPES OF CLIENTS

Related Fund Management provides investment advisory services to pooled investment vehicles, funds of one, institutional investors and, in certain cases, high net worth individuals. Pooled investment vehicles and funds of one (collectively, "*private funds*"). Private funds are investment entities formed under domestic or foreign laws and exempt from registration under the U.S. Investment company Act of 1940, as amended. Investment advice is not provided directly to any investor in the firm's private fund clients (although some of the private fund clients only have a single investor). As of December 31, 2014, Related Fund Management only provided investment advice to private funds.

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

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

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

In evaluating potential investments, Related Fund Management conducts extensive due diligence, analyzing, as applicable,

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

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

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

Material risks relating to clients' investments include:

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

mortgage funds that may render the sale of a property difficult; (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in real estate tax rates and other operating expenses; (viii) energy costs and energy supply shortages; (ix) various uninsured or uninsurable risks; (x) acts of God and natural disasters; and (xi) political developments.

- *Liabilities Associated with Property Acquisitions.* A client may 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 private fund client might have to pay substantial sums to settle or cure it.
- *Recourse to Fund Assets; Indemnification.* A private fund client's assets, including any investment made by the private fund client and any monies held by the private fund client, are available to satisfy all liabilities and other obligations of the private fund client. Such obligations include the private fund client's obligation to indemnify the general partner or managing member, and each other indemnified person for liabilities incurred in connection with the affairs of the private fund client.
- *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.
- *Construction and Development Risk.* A client may own direct or indirect interests in properties that require development, renovation and deferred maintenance. Real estate development involves the risk that work may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications or in construction, adverse weather or other factors. Any delay in completing a project may result in increased interest and construction costs, the potential loss of purchasers or tenants and the possibility of defaults under project financings.
- *Risks of Leverage.* Certain investments of the clients may be subject to leverage. Leveraged investments are subject to increased exposure to adverse economic factors,

such as a significant rise in interest rates or a severe downturn in the economy. Any leverage provided results in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash-flow. While leverage may enhance the total return to investors, if investment results fail to cover borrowing costs, returns to the Investors will be lower than if there had been no borrowings.

- *Illiquid Investments.* Investments in real estate and real estate-related assets and securities may be highly illiquid. Accordingly, there can be no assurance that 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 approvals or authorizations.
- *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 Related Fund Management and/or the relevant Management Entity consider favorable. Further, the strategies of certain clients rely in part upon favorable market conditions existing prior to the expiration of the term of the client. No assurance can be given that clients will be able to acquire investments at favorable prices, that the market for such assets will improve or that such assets can be disposed of during favorable market conditions.
- *Investments in Troubled Assets.* A client may make substantial investments in non-performing or other troubled assets that involve a greater degree of financial risk than other types of investments. In addition to the risks of borrower default, a client may be subject to a variety of risks in connection with such investments, including the risks of mismanagement or a decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the client's exercise of contractual remedies for defaults on such investments.
- *Joint Venture and Tenancy in Common Risk.* A client may make certain of its investments through a joint venture or tenancy in common arrangement. Such a client may share control or have limited control over these entities and, therefore, may have only a limited ability to protect its interests in such investments. Investment through a joint venture or tenancy in common may, under certain circumstances, involve risks that would not otherwise be present. For example, a co-venturer or tenant-in-common may experience financial difficulties and may at any time have economic or business interests or goals that are inconsistent with the economic or business interests of a co-venturer or tenant-in-common. In addition, actions by, or litigation involving, a tenant-in-common might subject a property owned through a tenancy in common to liabilities, which may adversely affect a private fund client's investment in such property.
- *Government Regulated Co-Venturer or Tenant-in-Common.* A client may make certain of its investments through a joint venture or tenancy in common in which its co-venturer or tenant-in-common is a government regulated entity. In such cases, the

client's investment may involve additional risks, including the risk that government regulation may prevent or otherwise restrict the co-venturer's or tenant-in-common's participation in the joint venture or tenancy in common.

- *Investments in Publicly Traded Securities.* In limited circumstances, a client may hold securities that are publicly traded. Such investments will be subject to the risks inherent in investing in public securities. When holding public securities, the client may be unable to obtain financial covenants or other contractual rights that it might otherwise be able to obtain in making privately negotiated investments. Moreover, the client may not have the same access to information in connection with investment in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, a client may be limited in its ability to make investments, and to sell existing investments, in public securities because Related Fund Management may be deemed to have material, non-public information regarding the issuers of those securities. The inability to sell public securities in these circumstances could materially adversely affect the investment results of such private fund client.
- *Concentration of Investments.* The investments made by a client could be concentrated in one investment type or in relatively few investment types. As a consequence, the aggregate return on such client's investments may be adversely affected by the geographic concentration of such client's investments or the unfavorable performance of a particular investment type and will be at a greater risk to overall changes in the economy or interest rates than if the client were less concentrated in a particular investment type or location.
- *Regulatory Considerations.* The real estate assets in which a client may invest may require the approval of governmental authorities and, in some cases, consents of third parties. There can be no assurance that any such approvals and consents will be obtained on a timely basis, if at all. The need to obtain such approvals and consents and otherwise to comply with regulatory requirements may cause significant delays in the development process for a given investment, exacerbating the risk that changes in the local market will render a project economically unattractive.
- *Hedging.* A client or an entity in which it invests may employ in certain limited circumstances hedging techniques through the purchase of swaps, derivatives and other similar instruments in order to reduce the risk of adverse movements in interest rates, currency exchange rates or the prices of its investments. While such transactions may reduce certain risks, the transactions themselves may entail certain other risks, including risks related to unanticipated changes in interest rates, currency exchange rates or prices.
- *Conflicts of Interest.* The investments of a client may be subject to various conflicts of interest, including those between investors in a private fund client and between Related Fund Management and a client. The conflicts are more fully discussed in *Item 10 – Allocation of Investment Opportunities, Fees for Related Services, Item 11 –*

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading and in certain clients' offering or governing documents.

- *Restrictions on Transfer and Withdrawal.* Investors in certain private funds may not be able to sell, transfer or pledge their interests in such private fund clients except with the consent of Related Fund Management or the relevant Management Entity, as applicable, which may be withheld in its sole discretion. Interests in a private fund client may not be redeemable, and voluntary withdrawals may not be permitted, except when necessary to comply with particular laws, statutes, and regulations. No public market for interests in the private fund clients exists and none is expected to develop.
- *Tax Considerations.* The structure of a private fund client or of any investment may not be tax-efficient to any particular investor in a private fund, or to the relevant client.

ITEM 9 DISCIPLINARY INFORMATION

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

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration.

Related Financial Services, LLC, an affiliate of Related Fund Management, was approved by the Financial Industry Regulatory Authority as a broker-dealer on October 3, 2014.

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

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

C. Relationships Material to Advisory Business.

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

1. The Related Real Estate Recovery Fund, which is principally comprised of a Delaware limited partnership, a Cayman limited partnership and related subsidiary entities.

2. The Related UBC Opportunity Fund, a Delaware limited partnership.
3. SWC HY Lender LLC, a Delaware limited partnership.²
4. The Related Multi-Family Fund, which is principally comprised of two limited liability companies and subsidiary entities.
5. RFM Freddie K24 Holdings, a Delaware limited liability company.
6. RFM NYCRS Sandy, a Delaware limited liability company.
7. RFM NEC MA, a Delaware limited liability company.
8. RFM Cactus Holding, a Delaware limited liability company.
9. Universe R.E., a Delaware limited liability company.
10. The Related Real Estate Fund II, which is principally comprised of a Delaware limited partnership, a Cayman limited partnership and related subsidiary entities.
11. The Related Energy Focused Real Estate Fund, which is principally comprised of a Delaware limited partnership, a Cayman limited partnership and related subsidiary entities.
12. RFM Freddie KF06 Holdings, a Delaware limited liability company.

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

As further described below in *F. Fees for Related Services*, in certain instances, affiliates of Related Fund Management may be entitled to receive fees from clients and/or portfolio entities in which they invest in consideration for certain services provided, including property management, real estate brokerage, loan servicing, leasing, development, physical security and construction management and other real estate-related services. These services are provided on a non-exclusive basis, and conflicts of interest may arise in allocating time and resources among

² Related Fund Management serves in the capacity as a Manager of the Company, including carrying out the day to day management, operation and control of the business as well as monitoring the participation of the Company in its underlying loan.

the clients of Related Fund Management and other persons (including Related) to which these affiliates provide similar services.

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.

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

E. Allocation of Investment Opportunities.

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

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

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

F. Fees for Related Services.

As described above under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*, affiliates of Related Fund Management may be entitled to receive fees from the private fund clients and/or portfolio entities in which they invest in consideration for certain services provided, including property management, real estate brokerage, loan servicing, leasing, development, physical security and construction management and other real estate-related services. The opportunity to earn these fees creates a potential conflict of interest between

Related Fund Management and/or its affiliates, on the one hand, and such private fund clients and their investors, on the other hand, because (1) the amounts of such fees may be substantial and (2) although in some cases the amount of these fees may reduce future investment advisory fees paid by private fund clients, private fund clients and their investors generally do not have an interest in the affiliates receiving such fees. Except as disclosed in an investment management agreement or the governing documents of the firm's private fund clients, the terms of any fees and related services generally will be on terms no less favorable to the client than would be obtained on an arm's length basis, taking into account the nature of the transaction and the services provided.

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

A. Code of Ethics.

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

B. Principal Transactions.

In limited circumstances, Related Fund Management may recommend that a private fund client purchase from, or sell securities or other assets to, Related Fund Management, its affiliates or their personnel, or Related Fund Management may cause a private fund client to do so. For example, Related Fund Management and its affiliates have "warehoused" investments for private fund clients and may do so in the future. If Related Fund Management, its affiliates or their personnel were to engage in any such transaction they would only do so in accordance with the requirements of Section 206(3) of the Advisers Act, including the requirement to obtain the prior consent of each client that is a party to the transaction. In the case of private funds, this prior consent may be obtained directly from investors in the private fund or, where permitted by the governing documents, from an advisory committee comprised of certain representatives of the investors of the private fund participating in the transaction.

C. Investments in Securities Recommended by the Investment Adviser.

Related Fund Management, its affiliates and/or their personnel may have a direct or indirect financial interest in the securities and other assets purchased and sold by a client, including as a result of co-investment and Carried Interest arrangements. Further, personnel of Related Fund Management and its affiliates have made personal investments through investment vehicles that invest in certain private fund clients. These arrangements are intended to align the interests of Related Fund Management's personnel with the third party investors in the private fund clients.

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

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

E. Loans to Clients.

Under certain circumstances, to the extent permitted by an investment management agreement or the governing documents of a private fund client, Related Fund Management and/or its affiliates may make loans to clients. Where made, such loans will be made on the terms and conditions (including the rates) described in the investment management agreement or the governing documents with respect to a private fund client.

ITEM 12 BROKERAGE PRACTICES

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

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

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

ITEM 13 REVIEW OF ACCOUNTS

A. Monitoring of Accounts.

Related Fund Management's investment staff is responsible for reviewing and monitoring each client's investments on an ongoing basis. The investment staff includes Related Fund Management's executive officers and specialists in investment analysis, research, asset management, capital markets and asset disposition. The investment staff is responsible for identifying, evaluating, structuring and negotiating investments, overseeing the ongoing management of the investments by property managers or services and for management or oversight of financings, recapitalizations and dispositions.

B. Review Triggers.

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

C. Reports to Clients.

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

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Non-Client Compensation or Benefit.

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

B. Solicitation Arrangements.

From time to time, Related Fund Management or its affiliates may enter into solicitation arrangements pursuant to which Related Fund Management or its affiliates compensate third parties for referrals that result in a client establishing a relationship with Related Fund Management or its affiliates, or pursuant to which Related Fund Management or its affiliates compensate a placement agent for sales of interests in a private fund that is formed or sponsored by Related Fund Management. Except as provided in the investment management agreement or governing documents of a private fund, any fees and expenses payable to any such solicitors or placement agents will be borne by Related Fund Management or its affiliates directly or indirectly through an offset against the investment advisory fee payable by such private fund client. An affiliate of Related Fund Management has retained a placement agent (the “*Placement Agent*”) in connection with the offering of interests in Related Real Estate Fund II, L.P. and Related Real Estate Fund II (Feeder), L.P. In exchange for the services provided, the Placement Agent receives a percentage fee based on commitments delivered to these funds.

ITEM 15 CUSTODY

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

ITEM 16 INVESTMENT DISCRETION

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

ITEM 17 VOTING CLIENT SECURITIES

Related Fund Management’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, Related Fund Management (or the applicable Management Entity) has the authority to direct the voting of such securities except to the extent provided in the investment management agreement or, in the case of a private fund client, the governing documents of that 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. Related Fund Management (or the applicable Management Entity) may also have the authority to direct the voting of publicly traded securities. If Related Fund Management (or the applicable Management Entity) exercises the voting rights attributable to interests in privately held issuers

or publicly traded securities on behalf of 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, Related Fund Management (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. Related Fund Management has adopted a proxy voting policy, which is designed to ensure that Related Fund Management (or the applicable Management Entity) votes a client's securities in the best interests of such client. In the voting of client securities, Related Fund Management does not believe material conflicts of interest would arise between its interests on the one hand and the interests of the clients on the other.

Clients may not direct the vote of Related Fund Management or the Management Entities in a particular solicitation.

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

ITEM 18 FINANCIAL INFORMATION

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

ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.