

Colony Investment Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Colony Investment Management, LLC (“CIM”). If you have any questions about the contents of this brochure, please contact us at (212) 230-3388. 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 CIM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

CIM's most recent update to Part 2 of Form ADV was made in March 2012.

We have had two material changes to our business since our last update:

1. CIM has changed its Chief Compliance Officer ("CCO") to Leon Schwartzman who is also the CCO for Colony Capital, LLC.
2. Steve Shabet has been removed as the CCO and COO for CIM.

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Advisory Business

Colony Investment Management, LLC (“Adviser” or “CIM”) serves as an investment manager or adviser to a separately managed account organized to invest in securities and other financial instruments (the “Client”). In providing such services to the Client, the Adviser formulates its investment objective, directs and manages the investment and reinvestment of the Client’s assets and provides a monthly update to the client. Investment advice is provided directly to the Client and not individually to underlying investors of the Client (the “Investors”). The Adviser manages the assets of the Client in accordance with the terms of the governing documents applicable to the Client.

Currently, the Adviser provides investment advice to the following Client:

- Separately Managed Account - a large corporate pension with the purpose of investing on a long only basis primarily in the listed securities of non-U.S. public companies in sectors related to the real estate industry.

CIM was founded in 2005 and is primarily owned by Colony CIM Managing Member, LLC. As of February 29, 2012 CIM managed approximately \$82 million on a discretionary basis on behalf of 1 Client.

Fees and Compensation

Compensation received by the Adviser from the Client is generally comprised of fees based on a percentage of assets under management and may include performance-based amounts. The Adviser’s fees for a separately managed account are generally negotiable.

For the Managed Account, the Adviser receives a management fee at a negotiated rate and the fee is calculated by the custodian based on the end of month NAV and paid quarterly in arrears.

Performance-based compensation, if any, would generally be calculated as of the end of each fiscal year and would be paid to the Adviser. The Adviser, at its discretion, may waive all or a portion of the incentive or performance-based fee. Performance based fees may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. With a performance based fee arrangement the Adviser receives compensation based on a share of the capital gains upon or capital appreciation of the Client.

Performance Based Fees and Side-by-Side Management

Performance-based compensation is generally based on some percent of the net realized and unrealized profits of each year, subject to a high-water mark. Thus, if a loss occurs that results in a Client’s account being lower than the highest level of cumulative net profits achieved by such Client through the close of any year since inception (the “high-water mark”), then no performance fee will be charged until such time as the Client’s account is equal to the high-water mark.

CIM is currently not charging any performance fees on its separately managed account but could in the future if mutually agreed upon with the client. The fee structure for new separately managed accounts is negotiable.

Types of Clients

Since closing its pooled investment vehicle in 2011, the Adviser now provides discretionary investment advice to a separately managed account for a large corporate pension. CIM's minimum account size for a separately managed account is generally \$25,000,000 but this amount is negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

Adviser's investment approach is research intensive and employs a combination of: (i) fundamental company research and bottom-up, disciplined valuation analysis; (ii) quantitative screening utilizing multi-factor and momentum models; (iii) relative valuation analysis and competitive assessment of a company's position within its sector and/or the real estate industry at large; and (iv) top-down real estate industry and sector level research of the key macro-economic, private market and public market drivers in each real estate sector and country.

Adviser focuses its research on public and private market valuation of a company's operations, its business and operating strategy, current and projected growth prospects, financial condition, quality of its management team, markets and/or products. This is accomplished through extensive analysis of the company's financial statements, meetings with senior management, real estate portfolio analysis, and evaluation of the company's credit exposure to key tenants and customers. Company valuation analysis employs both public market (i.e., traditional income statement, balance sheet and cash flow metrics) and private market valuation (net asset value and replacement cost), as warranted.

Adviser currently invests long only and has a target investment universe that includes over 600 companies globally.

CIM primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause CIM to sell securities more quickly.

All investing involves a risk of loss and past performance is not necessarily an indication of future results.

Disciplinary Information

CIM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

The Adviser is also the sub-adviser to a fund managed by a 3rd party RIA, UBS O'Connor, for which we periodically provide some international market observations. We provide no operational support or oversight to UBS O'Connor.

Principals of Adviser are also principals of Colony Capital, LLC ("Colony Capital"), a private, international investment firm focusing primarily on real estate-related assets and operating companies. Adviser intends to utilize Colony Capital's expertise and relationships to enhance its market research and its market valuation capabilities.

CIM's Chief Executive Officer, Mr. Richard Saltzman, also serves as a principal officer of Colony Capital, LLC. However, he is responsible for the supervision and management of Colony Capital, LLC and will spend approximately 1% to 20% of his time on CIM business matters.

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

CIM has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires CIM and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. A copy of CIM's code of ethics is available upon request.

CIM's employees are not permitted to trade alongside Client accounts. The Chief Compliance Officer monitors employee trading, relative to Client trading, to ensure that employees do not engage in improper transactions.

CIM maintains a watch list of securities that are being considered for client accounts, as well as, an inventory of securities already held in Client accounts. Any proposed employee transaction involving securities on the watch list or already in inventory requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage CIM's Clients.

Under certain circumstances an employee might invest in a security that is not being considered for Client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for Clients, but the Chief Compliance Officer might not allow the security to be purchased for Client accounts in order to avoid even the appearance of employees trading ahead of Clients. In CIM's experience, it is extremely unlikely that an employee's personal trading would limit Clients' investment opportunities, but such a situation may arise from time to time.

Brokerage Practices

CIM has the discretion to use any custodian they deem best suited to support the activities of its pooled investment vehicles. For separately managed accounts, the investor can suggest which custodian they wish to use.

CIM is authorized to make the following determinations in accordance with the objectives and restrictions of the governing documents applicable to the Clients without obtaining prior consent from any of its Investors or other Clients: (1) which securities or instruments to buy or sell; (2) the total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for its Clients, CIM seeks to obtain the best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer; (iv) the quality, comprehensiveness and frequency of available research services considered to be of value to the Adviser and its Clients; (v) the value of brokerage services over and above trade execution provided to the Adviser and its Clients; and (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying the Adviser's other selection criteria. Although the Adviser generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Please note that, while CIM has discretion to decide which executing brokers to use, it does not recommend executing brokers, or any other service provider, to its underlying investors or clients.

Soft Dollar Benefits

Consistent with obtaining best execution, transactions for Client accounts may be directed to brokers in return for research services furnished by them to the Adviser. Section 28(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to the Adviser in its use of soft dollars generated by its advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the Adviser in the performance of its decision-making responsibilities. The term "soft dollars" refers to the receipt by CIM of products and services provided by such brokers without any cash payment by the Clients, based on the volume of revenues generated from brokerage commissions for transactions executed for the Clients.

CIM does not receive any products or services from its custodians at discounted rates. CIM's custodians never pay for CIM employees' travel and accommodation costs in connection with industry conferences.

The Selection of Trading Counterparties

CIM intends to use its best efforts to assure that the fees and costs for services provided by its executing brokers are reasonable when compared to other firms of similar quality. Research provided by the executing brokers will be used to service all of the Adviser's Clients. Generally, research services provided by executing brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities,

technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. The Adviser may make any appropriate allocations so that it bears the cost of any such services used for purposes other than for research.

The Adviser's relationships with executing brokerage firms that provide research related to the real estate sector can influence the Adviser's judgment in allocating brokerage business and create conflicts of interest, both in allocating execution business between firms that provide such research and firms that do not. These conflicts of interest are particularly influential to the extent that the Adviser uses soft dollars to pay expenses it would otherwise be required to pay itself.

Best Execution Reviews

On at least an annual basis CIM's Chief Compliance Officer and Portfolio Manager evaluate the pricing and services offered by its trading counterparties with those offered by other reputable firms. CIM has sought to make a good-faith determination that the chosen trading counterparties provide its Clients with good services at competitive prices. However, investors should be aware that this determination could have been influenced by CIM's receipt of products and services from the chosen trading counterparties. Historically CIM has concluded that its chosen trading counterparties are as good as, or provide unique research specific to the real estate sector that is essential to the management of CIM's Clients, than other firms that have been considered.

Aggregated Trades

If CIM were trading the same security for multiple Clients on the same day it would typically aggregate Client trades in an effort to treat all Clients fairly. Clients participating in a bulk order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. CIM employees are never included side-by-side in bulk Client trades. If an order is partially filled, the trades are allocated on a *pro-rata* basis based on the original ratio specified when the order was placed. CIM may seek to complete any unfilled orders on the next trading day.

Client Referrals

CIM's custodians or broker/dealers do not refer clients to CIM.

Review of Accounts

CIM's Portfolio Manager and Chief Compliance Officer monitor its Clients on an ongoing basis to ensure that the Clients are within the investment limits set forth in the applicable investment management agreements and offering documents. Investors in a pooled investment vehicle would receive monthly NAV statements directly from an unaffiliated administrator. The owner of our separately managed account has online access to their account at their custodian and can run reports at will.

Client Referrals and Other Compensation

CIM does not pay a portion of its advisory fees to any investment adviser in connection with the referral of clients.

Custody

All Client assets are held in custody by unaffiliated broker/dealers or banks; however CIM may have access to Client accounts if it serves as the General Partner to a fund. Investors in a fund would not receive statements from the custodian. Instead a fund would be subject to an annual audit by an unaffiliated accredited accounting firm and the audited financial statements would be distributed to each limited partner. The audited financial statements would be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the partnership's fiscal year end. CIM is not deemed to have custody of assets in a separately managed account since it simply has trading authority on the account and can not instruct the custodian to send out cash or securities except for the purpose of settling trades. All trades will generally be settled on a COD basis based in local currency.

Investment Discretion

CIM has investment discretion over all Client accounts. Investors should review all Client account related documents carefully to ensure that the investment strategy of the Clients are inline with their goals.

Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, CIM has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that CIM receives will be treated in accordance with these policies and procedures.

Among the services we provide is that we may vote proxies on behalf of a fund. Since Investors in a fund will not know the securities held by the fund, the proxies would be voted by the Adviser in what the Adviser believes is in the best interest of the fund. To this end, we have historically retained a 3rd party expert in the proxy voting and corporate governance areas to assist us. They would be responsible for identifying the proxies to be voted upon, voting the proxies in the best interest of Clients, submitting the proxies promptly and properly and keeping detailed records on how the proxies were voted in a manner that is secure and readily accessible. By retaining a 3rd party expert to vote our proxies in the interest of maximizing shareholder value based on their expertise and independent research, we hope to mitigate any conflicts of interest that may arise. A copy of the expert's proxy voting policy would be available for your review upon request.

The owner of our separately managed account is responsible for voting their proxies.

Financial Information

CIM has been, and continues to be, subsidized and supported by its parent company, Colony Capital, LLC. Because of the support of Colony Capital, the financial condition of CIM is not reasonably likely to impair our ability to meet contractual commitments to Clients. If Colony Capital decides to stop subsidizing CIM and this impairs our ability to meet our obligations, we will promptly notify our investors as required under Rule 206(4)-4.