
CT Investment Management Co., LLC

**Form ADV Part 2A
Disclosure Brochure
February 14, 2012**

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This Brochure provides information about the qualifications and business practices of CT Investment Management Co., LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 655-0220. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

CT Investment Management Co., LLC is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended. Recipients of this Brochure should be aware that registration with the SEC does not constitute an endorsement by the SEC of an investment adviser's skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill or training in providing advisory services to clients. Our oral and written communications are intended to provide you with information which you may use to determine to hire or retain us to provide investment advice.

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

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Item 2: Material Changes

We are a newly registered adviser. We have not previously delivered a Brochure.

We will deliver an updated Brochure annually to clients, together with a summary of material changes, within 120 days of the close of our fiscal year. We may provide other ongoing disclosure information about material changes as necessary. Based on changes in our operations or new information, we will deliver a revised Brochure as necessary.

You may request a copy of our Brochure by contacting Jai Agarwal at (212) 655-0220 or by e-mail at compliance@capitaltrust.com.

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Item 4: Advisory Business

A. Description of the Firm

CT Investment Management Co., LLC (“**we**” or “**us**” or “**our**” or “**CTIMCO**”), a Delaware limited liability company, was established in 2000. We are a 100% wholly-owned subsidiary of our publicly owned parent, Capital Trust, Inc. (“**Capital Trust**”)(NYSE:CT). We are an alternative asset management company focused predominantly on investments in the commercial real estate debt sector. We manage, advise and invest on behalf of our parent and in various private equity real estate funds, separate accounts, and collateralized debt obligations (“**CDOs**”).

We have organized and control the following managers and managing or general partners, which serve as the administrative managers, managing members or general partners (collectively, the “**CTIMCO Managers**”) to the Funds (as defined below) and Separate Accounts (as defined below):

1. CT Large Loan Manager, LLC
2. CT High Grade Partners II Manager, LLC
3. CT High Grade Partners II MM, LLC
4. CT OPI Manager, LLC
5. CT OPI GP, LLC
6. CT High Grade Mezzanine Manager, LLC

As supervised persons of CTIMCO, the CTIMCO Managers intend to conduct their activities in accordance with the Investment Advisers Act of 1940, as amended, and the rules thereunder (the “**Advisers Act**”). Any employee of CTIMCO Managers, and any other person acting on their behalf, are and shall be subject to the supervision and control of CTIMCO. The CTIMCO Managers are relying on CTIMCO’s registration under the Advisers Act and are not registering themselves. The CTIMCO Managers shall be included in all references to “we”, “us”, “our” or “CTIMCO” herein.

B. Types of Advisory Services

The investment management vehicles invest in debt, equity and hybrid instruments backed by commercial real estate and related assets. See Item 8 for more information with respect to the investment strategies of these investment vehicles.

We provide investment management services to the following:

Private Funds

Directly or indirectly through the CTIMCO Managers, we advise the private real estate funds set forth below:

1. CT Large Loan 2006, Inc. (“**CT Large Loan**”)
2. CT High Grade Partners II, LLC. (“**CT High Grade II**”)
3. CT Opportunity Partners I, LP (“**CTOPI**”)

In addition, we serve as the investment manager to CT Legacy REIT Mezzanine Borrower, Inc. (“**CT Legacy REIT**”). CT Legacy REIT is a special purpose vehicle limited to the management of the ongoing liquidation and disposition of a pool of investments.

CT Legacy REIT, CT Large Loan, CT High Grade II and CTOPI are collectively referred to herein as the “**Funds**”.

Separate Accounts

Indirectly through a CTIMCO Manager, we advise on a non-discretionary basis a small number of separate accounts for institutional clients (“**Separate Accounts**”).

CDOs

We serve as collateral manager for certain non-registered CDOs originally issued to finance investments made by our parent company. As such, we provide ongoing collateral and asset management services to the CDOs.

Other Advisory Services

We provide advice to our parent company Capital Trust with respect to the ongoing asset management of its investments and its investment, financing and capital raising activities.

The term “**Client**” herein refers to either a Fund, the owner of a Separate Account, CDO or Capital Trust.

As investment adviser to Clients, we identify investment opportunities and participate in the acquisition, management, monitoring and disposition of investments for each Client.

C. Client Tailored Services and Client Tailored Restrictions

We manage each Fund based on the investment objectives and investment restrictions set forth in the limited liability company operating agreement, limited partnership agreement or charter of each such Fund (the “**Fund Organization Agreement**”) and the investment management agreement between us and each such Fund (the “**Management Agreement**”), and together with the Fund Organization Agreement of each Fund and the confidential private placement memorandum or other offering document, if any, describing the Fund and its terms utilized to offer investments in a Fund (the “**Offering Documents**”).

Typically, pursuant to the Management Agreement of each Fund, we are prohibited from investing more than a certain percentage of such Fund's assets in any single investment. Further, we may enter into side letters with certain members and limited partners of the Funds which impose further restrictions on our discretionary authority.

The investment management agreements with our Separate Account clients currently do not provide us with investment discretion. See Item 16. Each Separate Account client has its own tailored investment strategy and Separate Account Clients may impose restrictions on investing in certain types of investments.

The investment policies of Capital Trust are developed from time to time by its executive officers under the oversight of its board of directors.

The collateral management services we provide to CDOs are governed by the terms of the relevant collateral management agreements.

D. Wrap Programs

We do not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2011, we managed \$2.4 billion of Client assets on a discretionary basis and \$210 million of Client assets on a non-discretionary basis.

Item 5: Fees and Compensation

A. Fee Schedule; Prepayment of Fees and Refunds, Payment Method

Private Funds

As investment adviser to each Fund, we generally receive an annual management fee equal to a percentage of the net assets or invested capital, as the case may be, and in certain cases, a performance fee or incentive allocation equal to a percentage of the Fund's net profits, which may be subject to a clawback provision. All fees for the Funds are disclosed in the Offering Documents, which are provided to prospective investors. Investors in a Fund may have different fee arrangements. To the extent they invest in the Funds, our affiliates and their associates invest on the same terms offered to other investors.

Management fees are payable on a quarterly basis and performance fees may be payable when earned. We may elect to defer payment of all or part of the management fee and/or performance fee. Management fees and performance fees are generally deducted from the applicable Fund assets. In the case where a Management Agreement is terminated, we will rebate unearned management fees in accordance with the terms of the Fund's Offering Documents.

In certain cases, other fees are earned in respect of the disposition of assets as provided in the Offering Documents.

Separate Accounts

Separate Accounts pay a management fee which is generally based on a percentage of the aggregate amount invested at cost for the investments made for the account. Fees are individually negotiated. Management fees are payable on a quarterly basis.

An agreement for a Separate Account may be cancelled at any time, by either party, for any reason, upon receipt of 30 days' written notice, or as otherwise agreed in the investment management agreement.

In certain cases, other fees are earned in respect of the disposition of assets as provided in the Separate Account governing documents.

CDOs

We receive a collateral management fee as set forth in the collateral management agreement and offering document for each CDO, which is generally based on the size of the portfolio being managed and may vary among the CDOs. The fees for these CDOs are paid monthly.

Other Advisory Services

For our services to Capital Trust, we receive an inter-company payment of fees set forth in the governing management agreement.

B. Other Fees and Expenses

Separate Account and Fund Clients may elect to have account assets held in the custody of a bank, trust company, broker-dealer or other entity selected by the Client or us. The Client bears any custodial fees associated with any such account. Any fees incurred by the Client will be in addition to the fee payable to us. See Item 15.

The Offering Documents of each Fund provide a description of any additional fees and expenses for which such Fund may be responsible. Generally, each Fund will be responsible for all costs and expenses relating to the organization of such Fund and of maintaining the operations of such Fund and the investments paid by or on behalf of such Fund, including, without limitation, (i) legal, filing, auditing, consulting, administration, accounting and other professional fees and expenses; (ii) expenses associated with periodic reporting to the Funds; (iii) financial statements and tax returns; (iv) insurance, interest and other expenses incurred in respect of borrowings, if any; (v) other expenses associated with the acquisition, holding, monitoring, settlement and disposition of such Fund's investments (including, without limitation, any brokerage, custody or hedging costs); (vi) the costs and expenses of any custodians, lenders, investment banks and other financing sources; (vii) any indemnity expenses; and (viii) the costs and expenses of any litigation involving such Fund.

CDOs incur various expenses with respect to the ongoing administration of the underlying collateral assets which are in addition to the collateral management fees earned by us.

C. Sales Compensation

Neither we, nor any of our supervised persons, accept or otherwise receive compensation in connection with the sale of interests in the Funds or any other security or investment product.

Item 6: Performance-Based Fees and Side-By-Side Management

We may receive performance fees from Funds that we manage. See Item 5A above. Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.

Performance-based compensation may create an incentive for us to cause a Client to make investments that are riskier than it would otherwise make. Performance-based fee arrangements may also create an incentive to favor such Clients over others in the devotion of time, resources and allocation of investment opportunities.

The Funds have investment periods and overall duration that are generally limited to prescribed time periods, subject to extensions as permitted under the governing documents, which may not require investor approval. The prospect of continuing to earn performance-based compensation from a Fund may create an incentive for us to extend the investment period or duration of a Fund in accordance with the Offering Documents.

Neither we, nor any of our related persons is obligated to allocate any specific amount of time to a particular Client. We and our related persons intend to devote as much time as is deemed necessary for the conduct of each Client's portfolio management, and will allocate investment opportunities in accordance with our allocation policy described in Item 12.B below.

To manage these potential conflicts, we have adopted a number of compliance policies and procedures. These policies and procedures include (i) our Code of Ethics (see Item 11), (ii) our Compliance Manual, and (iii) allocation policies which seek to ensure that investment opportunities are allocated fairly among Clients and that all Client accounts are managed in accordance with their respective investment mandate (see Item 12). We do not consider fee structures in allocating investment opportunities.

Item 7: Types of Clients

Private Funds

Prior to acceptance of a subscription from any investor, the prospective investor must go through certain suitability and compliance procedures (including anti-money laundering procedures). The Offering Documents for each Fund, which are distributed to each potential investor prior to investment, set forth any prescribed minimum investment amount.

We offer the interests in the Funds only through non-public transactions in order to maintain the Funds' exclusion from "investment company" status under the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

Only investors who meet the definitions of "Accredited Investor" under Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), and "Qualified Purchaser" under the Investment Company Act are permitted to subscribe for interests in the Funds.

Separate Accounts

We provide Separate Account services to a limited number of institutional investors capable of understanding the risks of their investments. The amount of invested capital committed to a Separate Account is negotiated with each Client.

CDOs

The CDOs were offered through private offerings made to "Qualified Institutional Buyers" under the Securities Act to maintain an exclusion from "investment company" status under the Investment Company Act.

Other Advisory Services

We manage our public company parent, Capital Trust, which is listed on the New York Stock Exchange.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analyses

For each prospective investment, an in-house underwriting team is assigned to perform a ground-up analysis of all aspects of credit risk. Our underwriting process is embodied in our proprietary credit policies and procedures that detail the due diligence steps. We have developed the capability to apply this methodology to a high volume of investment opportunities, including CMBS transactions with a large number of underlying loans, through the combination of personnel, procedures and technology. On all levels, we incorporate input received from our finance, capital markets, credit and legal teams, as well as from various third parties, including our credit providers.

In our direct origination programs, we strive to design a customized structure for each investment that provides us with the necessary credit, yield and protective structural features while meeting the varying, and often complex, needs of our Clients. In the structured products arena, our broad capital markets expertise enables us to better analyze the risks and opportunities embedded in complex vehicles such as CMBS and CDOs.

We actively manage our Clients' portfolios. From the closing of an investment through its final repayment, our dedicated asset management team is in constant contact with our borrowers and servicers, monitoring performance of our collateral and enforcing our rights as necessary.

B. Investment Strategies

The following is a summary of the principal investment strategies employed by us. The material risks associated with each of these strategies is set forth in C. below. This is a summary only. Clients should look to the Offering Documents of each Fund or to their investment advisory agreements with us and other Client materials for a more complete description of each strategy. Clients should not rely solely on the descriptions provided below.

We provide advice on the following structured products:

- **Mezzanine Loans:** Loans secured by a pledge of an owner's equity interest in one or more properties.
- **B-Notes:** Subordinated participations in First Mortgage Loans that have typically been securitized.
- **First Mortgage Loans:** Senior mortgage loans secured by an individual property or a portfolio of properties.
- **Commercial Mortgage Backed Securities (CMBS):** Interests in investment grade and below investment grade classes (including unrated, first-loss tranches) of fixed and

floating rate commercial mortgage-backed securities including collateralized debt obligations and “rake bonds” (which are junior participations in mortgage loans held inside of a CMBS trust).

- **Commercial Real Estate CDOs**
- **Bank Debt:** Secured and unsecured loans typically collateralized by real estate operating companies and their underlying real property assets.
- **Other/Special Situation Investments:** Investments primarily in special situations relating to one of the aforementioned investment categories or derivatives thereof. Examples include (all relating to commercial real estate): total rate of return swaps (“TRRS”), credit default swaps (“CDS”), real estate investment trust (“REIT”) securities, preferred equity, distressed loans and real estate related investments.
- **REIT/Corporate Securities**

Investment opportunities which are appropriate for more than one Client will be allocated by us according to our allocation policies as described further in Section 12.B below.

C. Material Risks

Investments in securities involve risk of loss that investors must be prepared to bear.

Investment Strategy Risks:

Investment risks specific to the investment strategy of each Fund are described in the Offering Documents of such Fund which are offered only to sophisticated investors who can understand and accept the associated risks. Similarly, Separate Account Clients are also sophisticated and can understand and accept the risks associated with the investment strategy developed for them. Risks encountered by our Clients may include (but are not limited to):

- Investing in real estate related investments will expose the Client to a high degree of risk and the characteristics of Client investments (commercial mortgage loan investments) will give rise to certain risk factors
- The real estate investment business is highly competitive. Our investment success depends on our ability to compete with other providers of capital for real estate investments
- Clients will be exposed to lender liability risks including equitable subordination
- The success of our investments on behalf of our Clients will be dependent on the availability of, and the degree of competition for, attractive investments
- Our due diligence may not reveal all of the factors affecting an investment and may not reveal weaknesses in the underlying loans securing such investments
- Market factors outside of our control may affect the market value of investments
- A Fund may enter into derivative contracts that would expose the Fund to the risk of counterparty nonperformance

- Non-U.S. investments will expose Clients to certain risks
- Leverage Risk--We may not be able to obtain leverage; the use of leverage will expose Clients to heightened risk. We may not be able to liquidate assets quickly enough to repay borrowings, which will increase the losses incurred by the Client
- The impact of the events of September 11, 2001 and the effect thereon on terrorism insurance expose Clients to certain risks
- Investments are subject to risks associated with a changing economic environment
- Investments may be subject to fluctuations in interest rates and hedging risks. In addition to such investment valuation risks, our investments are generally collateralized by commercial real estate and changes in interest rates may impact the value of the collateral securing our investment
- Our investments are secured by commercial property and are subject to risks of delinquency and foreclosure which depend on the operating performance of the underlying property
- Investments may be illiquid
- We may not be able to achieve diversification in investments made for Clients
- We may make investments with maturity dates later than the term of a Fund or Separate Account; it may be difficult to dispose such investments
- We may invest in non-performing assets that are subject to a higher degree of financial risk
- We may not have control over Client investments
- We may not achieve the Client's targeted rate of return on investments
- Clients may be exposed to the risks involved with making subordinated debt investments. Subordinated debt and related investments involve the risks attendant to real estate investments as well as additional risks attendant to investments in subordinated positions
- Some of Client investments and investment opportunities may be in synthetic form
- There are increased risks involved with construction lending activities
- Clients may make investments in, or may become the owner of, the equity of properties, portfolios and operating entities
- Clients may guarantee some of their leverage and contingent obligations
- A Client's use of leverage may create a mismatch with the duration and index of the investments that it is financing.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or potential Client's evaluation of the firm or the integrity of the firm's management in this item.

We have no legal or disciplinary events to report.

Item 10: Other Financial Industry Activities and Affiliations

Neither we, nor any management person is registered as (i) broker-dealer or registered representative, (ii) Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or an Associated Person of such entities.

A related person acts as manager, general partner or managing member of each Fund. As indicated in Item 4, we control the CTIMCO Managers who are relying on our registration under the Advisers Act and are not registering themselves.

As part of their regular business, CTIMCO and its affiliates provide other financial and business advisory services. In addition, CTIMCO and its affiliates may provide investment advisory services in the future beyond those currently provided.

In connection with our advisory businesses, we may come into possession of information that limits our ability to engage in potential transactions. The Clients' activities may be constrained as a result of our ability to use such information.

We do not select other advisers to provide services to our Clients.

Item 11: Code of Ethics

A. Code of Ethics

In order to address conflicts of interest, we have adopted a code of ethics (the “**Code**”) which is applicable to all of our supervised persons (collectively, “**Employees**”). The Code generally sets the standard of ethical and professional business conduct that we require of our Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by certain Employees deemed access persons under applicable regulations. Additionally, the Code sets forth our policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that we and each of our Employees owes to each advisory Client.

The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto.

We will provide a copy of the Code to any Client or prospective Client upon request.

B. Recommendations Involving Material Financial Interests

We may participate or have an interest in Client transactions as described below. We make all investment management decisions in our Clients’ best interests.

Principal and Agency Transactions

We or our affiliates may engage in principal transactions with Clients as described in the Client’s governing documents. The governing documents may provide for consultation or approval of such transactions and the terms thereof by the Client or a committee of investors. Any such purchase or sale will comply with the notice and consent requirements for principal transactions set forth in Section 206 of the Advisers Act. The potential for such conflicts of interest are disclosed to Clients. We do not engage in agency cross transactions.

Cross Transactions

Generally, with the exceptions set forth below, it is our policy not to engage in buying or selling of securities from one Client account to another (typically referred to as a “cross trade”).

Cross transactions may give rise to conflicts of interest between Clients. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, we could use our investment authority to transfer unappealing securities from one Client to another Client. To the

extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Fund by us and our related persons, we will comply with the requirements of Section 206(3) of the Advisers Act, our internal policies and procedures, and any governing Offering Documents. For example, when reviewing a proposed principal transaction or cross transaction, we will confirm, among other things: (i) that such transaction will be consistent with the investment objectives and policies of each Client involved in the transaction and (ii) that the transaction is effected at fair market value.

The vast majority of trades made for Client accounts will be executed through the open market. We may engage in cross trading under limited circumstances. However, we will only do so when we believe it is in the best interest of both Clients. In such circumstances, neither we, nor our affiliates will receive transaction-based compensation from the trade. In certain situations, specific consent for each such transaction may be required from both parties to the transaction.

Investment in Funds

We or an affiliate may make a general partner or similar investment in the Funds. We or an affiliate may also purchase (and sell) shares of certain Funds, generally as a co-investment. We, our investment professionals and principals and related persons may invest in the Funds or be granted interest in or phantom interests related to the Funds. We do not believe that these investments cause a conflict of interest between us and the Funds, but rather function to better align the interests of the investors with our own interests since our own capital or an affiliate's is being invested alongside the investors' capital. By virtue of our capital investment in the Funds, we may be considered to participate, indirectly, in transactions effected for the Funds. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Offering Documents. Any such investments are made in conformity with the Code which has procedures regarding the use of confidential information and personal investing.

We may solicit qualified Separate Account Clients to invest in a Fund. We could be considered to have recommended an investment in the Fund as suitable for a Client as a result of the relationship between us and the Fund. We will inform each Client of our relationship with a Fund prior to the Client's investment, but we do not intend to advise Clients as to the appropriateness of the investment and will not receive any compensation for doing so or for selling interests in a Fund (except to the extent that we receives Management Fees from all Fund investors).

Buying and Selling Securities That Are Recommended to Clients

We may buy for Clients securities of issuers in which another Client has made, or is making, a senior or subordinate investment, which may create conflicts of interest. For example, if one Client is invested in debt securities of an issuer and another Client is invested in equity securities of the same issuer, if the issuer experiences financial or operating challenges which impact the price of its securities, decisions relating to actions to be taken may raise conflicts of interest between these Clients. In such instances, we disclose such conflicts and comply with the conflict resolution provisions contained in the documents governing our relationship with the Client. We

may have Clients with different or competing investment objectives. As a result, we may take, on behalf of one Client, consistent with such Client's investment objectives, a contrary investment position to that taken by another Client which position is consistent with such other Client's investment objectives.

C. Personal Trading

We recognize that the personal securities transactions of certain of our Employees considered access persons under applicable regulations demand the application of a high code of ethics, and we require that all such transactions be carried out in a way that does not endanger the interest of any Client. At the same time, we believe that if investment goals are similar for Clients and for such Employees, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to address conflicts of interest, we have adopted a set of procedures, included in the Code, with respect to transactions effected by such Employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have adopted a quarterly securities transaction reporting system for such Employees. For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including Client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

D. Other Conflicts of Interests

Our Code of Ethics has policies and procedures to address the following additional conflicts of interest. While we do not believe that there are any conflicts that pose material risks to Client interests, we wish to note some additional potential conflicts that are inherent in our structure and activities. We also have included brief descriptions of the procedures we use to mitigate their effects.

Material Non-public Information/Insider Trading

We have established policies and procedures reasonably designed to prevent the misuse by us and our Employees of material information regarding issuers of securities that has not been publicly disseminated ("**material non-public information**"). In general, under the procedures, when we are in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, Neither we, nor any Employee is permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that we have is no longer deemed to be material non-public information.

Gifts/Gratuities

Our Code sets forth procedures regarding gifts and business entertainment to address the potential conflicts of interest surrounding these practices. A further explanation of our gift and

business entertainment policy can be found in our Code.

Political Contributions

Due to the potential for conflicts of interest, we have established procedures relating to political contributions which are designed to comply with applicable federal and state law. All Employees are required to seek preapproval before making any political contribution.

Conflicts from Competing Interests

Clients may compete with each other for access to our resources, including investment opportunities. There may be conflicts of interest in allocating investment opportunities among the current and future Funds we manage. Except as provided in documents governing our relationship with a Client, there are no restrictions on us from forming, sponsoring, owning and/or managing additional investment vehicles that have overlapping investment objectives or investment criteria. We are subject to our own allocation policies, which are subject to change in our discretion. We may devote more time, attention or resources to some of these potentially competing Funds than to others or present an opportunity to certain Funds that we do not or cannot present to all. This could have a material adverse effect on a Fund's ability to acquire assets, generate cash flow and income, and make distributions.

We may confront conflict concerns when allocating scarce investment opportunities, given the benefit to us of favoring Funds that pay a higher fee or generate more income for us. To address this conflict of interest, we have adopted various allocation policies (See Section 12) as well as supervisory procedures that are intended to fairly allocate investment opportunities among competing Funds, subject to any requirements of the Offering Documents of the Funds.

Performance-based compensation may create a conflict of interest, as it can create an incentive for us to make or recommend investments that are riskier or more speculative than would be the case in the absence of such compensation structure. Certain of our supervised persons may individually receive, as part of their compensation, carried interest payments or equivalent phantom interests, which are based on the performance of the relevant Client. To address these potential conflicts, we have policies and procedures designed to ensure that each of our Clients accounts is managed in a manner that is consistent with our fiduciary obligations, as well as with the Client's investment objectives, investment strategies and restrictions.

Conflicts from our other activities and investments

The Funds may engage us or any of our affiliates to provide financial advisory, placement, underwriting, investment banking, loan servicing, insurance, real estate, due diligence or other services to the Fund; provided that the fees or other amounts earned in respect of the rendition of such services are at least as favorable to the Fund as those generally available from experienced and unaffiliated persons; provided, further, that the Fund has consulted with an Advisory Committee with respect to the terms of such engagement and; provided, further, that the material terms of any such contract between the Fund and an affiliate will be subject to the prior written approval of the advisory committee if (a) such contract is outside of the ordinary

course of business of the Fund, (b) such consent is required under Section 206(3) of the Advisers Act or (c) such contract is reasonably expected to (i) provide for the payment of \$50,000 or more to such affiliate or (ii) have a term of one year or longer. We may provide similar services to other Clients in accordance with the documents governing our relationship with them. We and/or our affiliates may obtain such special servicing assignments by exercising special servicing designation decision rights possessed by our Clients. The special servicing fees we earn are in addition to fees paid by Clients and we may in certain circumstances reduce Client fees in connection with the receipt of such additional fees.

We may engage in a broad spectrum of finance and investment activities that are independent from, and may from time to time conflict with, Clients. In the future, there might arise instances where our interests conflict with the interests of Clients and/or Fund investors. We or our affiliates may engage in transactions with, provide services to, invest in, advise, sponsor and/or act as investment manager to investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of our Clients and that may compete with Clients for investment opportunities and that may co-invest with Clients in certain transactions. Such investments may be senior or junior to, participations in, or have rights and interests different from or adverse to, certain Client investments. The interests in such investments may conflict with the interests of a Client in related investments at the time of acquisition or in the event of default or restructuring of an investment. While we believe the risk of these conflicts has been mitigated by Fund exclusivity and conflict resolution provisions, our agreements with respect thereto are subject to certain exceptions and thus conflicts of interest may still arise.

Certain members of our management team may have conflicts in allocating their time and services among Clients and other ventures. Thus, while it is anticipated that members of our management team will devote as much time to a particular Client as we deem appropriate, certain members of the management team may have to devote a substantial amount of time to matters other than a particular Client.

Investors in our Funds may include taxable and tax-exempt persons and entities and may include investors organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by us that may be more beneficial for one type of member or limited partner than for another type of member or limited partner. In addition, we may make investments for the Funds that may have a negative impact on other investments made by the member or limited partners in separate transactions. In selecting investments appropriate for the Funds, we consider the investment objectives of the Fund as a whole, not the investment objectives of any member or limited partner individually.

Although we and our affiliates will invest our own capital in the Funds along with the other investors, our interests and those of affiliates may under some circumstances differ from those of the Funds and/or the investors. Such conflicting interests could potentially affect our decisions in purchasing, holding and disposing of the investments of the Fund.

Conflicts in general

Various parts of this brochure discuss potential conflicts of interest that arise from our advisory business. We disclose these conflicts due to the fiduciary relationship we have with Clients. When acting as a fiduciary, we owe Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between us and Clients; or between our employees and Clients. Where potential conflicts arise from our fiduciary activities, we will take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that we confront and must manage are mitigated through written policies that we believe protect the interests of our Clients as a whole. In these cases – which include issues such as personal trading and client entertainment, discussed above – regulators have generally prescribed detailed rules or principle for investment firms to follow. By complying with these rules, using robust compliance practices, we believe that we handle these conflicts appropriately.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection

We have discretion to purchase and sell securities for our Clients and to select the broker-dealer for securities transactions. We look to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. We will generally seek “best execution” in light of the circumstances involved in transactions. In selecting a broker for any transaction, we may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. We will not obligate ourselves to obtain the lowest commission or best net price for an account on any particular transaction.

Research and Other Soft Dollar Benefits

Soft dollars refers to the practice of using a portion of the commissions generated when executing client transactions to acquire useful research and brokerage services from broker-dealers. In general, our policy is to not direct soft dollar credits to individual brokers or dealers on behalf of our Clients.

Brokerage for Client Referrals

We do not enter into agreements with, or make commitments to, any broker-dealer that would bind us to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions.

Directed Brokerage

We do not engage in directed brokerage transactions.

B. Aggregation of Orders/Allocation of Trades

We perform investment management services for various Clients. There will be occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous Client accounts, some of which may have similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when we believe that to do so will be in the best interest of the affected accounts. When

such concurrent authorizations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Since participation in specific investment opportunities may be appropriate, at times, for more than one Client, we have established policies and procedures for allocating investment opportunities among Clients, subject to any requirements of the documents governing our relationship with the Clients. The policies and procedures have been adopted to ensure that investment opportunities are allocated across multiple Clients on a fair and equitable basis over time.

We will allocate such opportunities among Clients on a basis that we determine in good faith to be appropriate, taking into consideration factors including, but not limited to, the Client's investment strategy, the sourcing of the transaction, the relative amounts of capital available for investment (taking into account applicable reserves), the size of the transaction, the amount of potential follow-on investing that may be required for such investment and other portfolio investments and investment restrictions and guidelines.

Certain Clients may invest in different parts of the capital structure of the same company or portfolio of companies. For example, one Client may invest in senior debt securities in which another Client has a mezzanine or other subordinate interest. The interests of the Clients may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken for a Client may adversely impact another Client, which we aim to address through our conflict policies and the conflict resolution provisions of the documents governing our relationship with our Clients.

Trade errors are evaluated on a case-by-case basis. If we determine that our gross negligence, willful misconduct or fraud was the direct cause of a trade error, we generally will compensate a Client for any losses resulting from such trade error. If a third-party's negligence or other wrongdoing causes a trading error that is material to a Client, we will attempt to recover the amount of loss from the third party for the Client. We do not assume responsibility for compensating the Client, or making the third party compensate the Client, in such cases.

Item 13: Review of Accounts

All accounts are regularly reviewed by our senior investment professionals. Senior investment professionals, with the assistance of other investment professionals, regularly review and discuss portfolio status, potential investments, performance, and related issues.

Funds receive quarterly and annual (or if requested, more frequent) statements indicating their capital balances and the accounts balance sheet and income statement. These materials are provided with a report highlighting the developments for the period. Other Clients receive monthly or quarterly statements regarding their portfolios and investment performance.

Capital Trust is a public company subject to the SEC's periodic reporting regulations which obligate the company to file prescribed current, quarterly and annual reports containing financial statements and other information.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

We and/or our affiliates may be entitled to receive special servicing fees from the servicing of commercial mortgage loans underlying certain of our Clients' investments. We may obtain such special servicing assignments by exercising special servicing designation decision rights possessed by such Clients. These fees are in addition to other fees paid by such Clients and we may in certain circumstances reduce Client fees in connection with the receipt of such additional fees.

From time to time, we may receive transaction fees, including origination, acquisition, disposition, brokerage, investment banking, financing, break-up or similar fees from third party borrowers or property owners which are directly related to the activities of our Clients. Depending upon the terms of the governing documents, these fees may be for our account or our Client's account.

B. Compensation for Client Referrals

Neither we, nor a related person, directly or indirectly compensates any person for Client referrals.

Unrelated third-parties may be compensated for assistance in arranging capital commitments from both domestic and foreign sources in our Clients. Any such arrangements are conducted pursuant to written agreements. The compensation to be paid to such unrelated parties is negotiated on an individual case basis

Item 15: Custody

Private Funds

Generally, neither we, nor our affiliates maintain physical possession of the funds or securities of any Fund. Physical custody of the assets of a Fund will be maintained with a bank, trust company, broker-dealer or other qualified custodian (a “**Qualified Custodian**”) selected by us in our exclusive discretion, which selection may change from time to time generally without the consent of investors in the Fund.

Although neither we, nor our affiliates have physical possession or custody of the assets of any Fund, under Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), we are deemed to have “constructive custody” of the assets of the Funds by virtue of our and our affiliates relationships with the Funds.

In order to comply with the Custody Rule, the Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements, prepared in accordance with generally accepted accounting principles in the United States, are distributed to all investors in each Fund within 120 days of the end of the Fund’s fiscal year.

Separate Accounts

Generally, neither we, nor our affiliates will maintain physical possession of the funds or securities that a client maintains in a Separate Account. The assets in a Separate Account typically are deposited with a Qualified Custodian selected by the Client. The Qualified Custodian will prepare and distribute to such Client, quarterly or more frequent account statements, which should be reviewed carefully by the Client. Clients should carefully read and compare any account statements received from us against account statements received from the Qualified Custodian.

Other Advisory Services

We are deemed to have “constructive custody” over the assets held by Capital Trust. In reliance upon SEC guidance, we are not required to comply with the Custody Rule with respect to our parent, Capital Trust.

CDOs

We do not have custody of the assets collateralizing the CDOs. These assets are held by the trustee for each respective CDO, which trustees are Qualified Custodians.

Item 16: Investment Discretion

Subject to any investment restrictions set forth in the documents governing our relationship with our Clients, we have discretionary authority to make the following determinations without obtaining the consent of any Client before the transactions are effected:

- the investments that are to be bought or sold;
- the total amount of investments to be bought or sold;
- the brokers, investment banks or placement agents, if any, through which investments are to be bought or sold; and
- the acquisition price and associated fees at which investment transactions for a Client are effected.

Our discretionary authority is derived from our authority conveyed by the documents governing our relationship with the Clients.

We also exercise other discretionary authority in connection with ongoing asset management, including loan modifications, of Client investments, subject to the documents governing our relationship with our Clients.

Item 17: Voting Client Securities

As a fiduciary, an investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of clients and not subrogate client interests to its own interests. Rule 206(4)-6 under the Advisers Act (the “**Proxy Voting Rule**”) places specific requirements on registered investment advisers with proxy voting authority. Due to the nature of our investment strategy, equity securities will generally not be a large portion of the investments of any Client. Nevertheless, because we have discretionary authority over the securities held by the Clients, we are viewed as having proxy voting authority over such securities. Accordingly, we are subject to the Proxy Voting Rule. To meet our obligations under this rule, we have adopted written Proxy Voting Policies and Procedures, which are available upon request. These policies and procedures are reasonably designed to ensure that we vote proxies in the best interest of the Clients and addresses how we will resolve any conflict of interest that may arise when voting proxies.

Item 18: Financial Information

We are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to our Clients.