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**CT Investment Management Co., LLC**

**Form ADV Part 2A  
Disclosure Brochure  
April 16, 2013**

345 Park Avenue  
New York, New York 10154  
(212) 583-5000

Form ADV, Part 2; the “Disclosure Brochure” or “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) 583-5000. 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](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in our firm name “CT Investment Management Co., LLC”). The search results will provide you with both Parts 1 and 2A of our Form ADV.

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## **Item 2: Material Changes**

This Brochure was previously updated as of January 18, 2013 to reflect that CT Investment Management Co., LLC had been acquired by affiliates of The Blackstone Group L.P. and is no longer the manager of Capital Trust, Inc, as of December 19, 2012 (the “Transaction”). On February 4, 2013, CT Investment Management Co., LLC relocated to 345 Park Avenue, New York, New York 10154.

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) 583-5000 or by e-mail at [jai.agarwal@blackstone.com](mailto:jai.agarwal@blackstone.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 indirect subsidiary of The Blackstone Group L.P. (“Blackstone”). 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 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

The CTIMCO Managers are relying on CTIMCO’s registration under the Investment Advisers Act of 1940 as amended, and the rules thereunder (the “Advisers Act”) and are not registering separately, in reliance on guidance in a no action letter to the American Bar Association dated January 18, 2012. The CTIMCO Managers shall be included in all references to “we”, “us”, “our” or “CTIMCO” herein. The CTIMCO Managers and their employees and persons acting on their behalf are subject to CTIMCO’s supervision and control, its code of ethics and its compliance policies and procedures. The advisory activities of the CTIMCO Managers are subject to the Advisers Act, and the CTIMCO Managers are subject to examination by the SEC.

### 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**”)

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

### **Separate Account**

Indirectly through a CTIMCO Manager, we advise on a non-discretionary basis a separate account for an institutional client (“**Separate Account**”).

### **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.

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

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

<b>D.      Wrap Programs</b>
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We do not participate in wrap fee programs.

<b>E.      Assets Under Management</b>
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As of December 31, 2012, but after giving effect to the Transaction, we managed \$1.9 billion of Client assets on a discretionary basis and \$301 million of Client assets on a non-discretionary basis. The assets under management information provided herein does not include the assets of Capital Trust Inc., which CTIMCO ceased to manage as of December 19, 2012.

## **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, may receive 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.

## **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) the Code of Ethics (see Item 11), (ii) the 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.

## 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

### **Other Financial Industry Activities**

Various potential and actual conflicts of interest may arise from the overall investment activities of CTIMCO and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to Blackstone and CTIMCO in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees. Any references to Funds in this section will be deemed to include references to the Separate Accounts.

***Blackstone Policies and Procedures.*** Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across Blackstone's various businesses that CTIMCO and the Funds expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management and advisory businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and subject to more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (*e.g.*, information walls) that may reduce the positive synergies that the Funds expect to utilize for purposes of finding attractive investments. For example, Blackstone may come into possession of material non-public information with respect to companies in which its real estate business may be considering making an investment or companies that are Blackstone private equity portfolio companies or advisory clients. As a consequence, that information, which could be of benefit to the Funds, might become restricted to those respective businesses and otherwise be unavailable to the Funds. To the extent that the Blackstone real estate group is in possession of material, non-public information or otherwise is restricted from trading in certain securities, CTIMCO and the Funds, as part of the Blackstone real estate group, will as a general matter also be deemed to be in possession of such information or otherwise restricted. This could reduce the investment opportunities available to the Funds.

***Investment Banking, Advisory and Other Relationships.*** As part of its regular business, Blackstone provides a broad range of investment banking, advisory, underwriting, placement agent services and other services. In addition, Blackstone and its affiliates may provide services in the future beyond those currently provided. Funds will not receive a benefit from such fees. In the regular course of its investment banking and advisory businesses, Blackstone represents potential purchasers, sellers and other parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to transactions that are suitable for a Fund. In such a case, an advisory client would typically require Blackstone to act exclusively on its behalf, thereby precluding a Fund from participating in such transactions. Blackstone will be under no obligation to decline any such engagements in order to make an investment opportunity available to a Fund. In connection with its investment banking, advisory and other businesses, Blackstone may come into possession of information

that limits its and its affiliates' ability to engage in potential transactions. The Funds' activities may be constrained as a result of the inability of Blackstone personnel to use such information. For example, employees of Blackstone may be prohibited by law or contract from sharing information with members of the Funds' investment teams. Additionally, there may be circumstances in which one or more of certain individuals associated with Blackstone will be precluded from providing services related to the Funds' activities because of certain confidential information available to those individuals or to other parts of Blackstone. In certain sell-side and fundraising assignments, the seller may permit a Fund to act as a participant in such transactions, which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price).

Blackstone has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on behalf of a Fund, CTIMCO will consider those relationships, which may result in certain transactions that CTIMCO will not undertake on behalf of the Fund in view of such relationships. Certain Funds may also co-invest with clients of Blackstone in particular investment opportunities, and the relationship with such clients could influence the decisions made by CTIMCO with respect to such investments.

Blackstone may from time to time participate in underwriting or lending syndicates with respect to portfolio companies of a Fund, or may otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, a Fund's portfolio companies, or otherwise in arranging financing (including loans) for portfolio companies. Such underwritings may be on a firm commitment basis or may be on an uncommitted "best efforts" basis. A Blackstone broker-dealer may act as the managing underwriter or a member of the underwriting syndicate and purchase securities from a Fund or such Portfolio Companies. Blackstone may also, on behalf of a Fund or other parties to a transaction involving a Fund, effect transactions, including transactions in the secondary markets where it may nonetheless have a potential conflict of interest regarding a Fund and the other parties to those transactions to the extent it receives commissions or other compensation from a Fund and such other parties. Subject to applicable law, Blackstone may receive underwriting fees, discounts, placement commissions, lending arrangement and syndication fees or other compensation with respect to the foregoing activities, which are not required to be shared with the Funds or CTIMCO. In addition, the Management Fee paid by the Funds generally will not be reduced by such amounts. Blackstone may nonetheless have a potential conflict of interest regarding Funds and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties. CTIMCO will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Fund, or as dealer, broker or advisor, on the other side of a transaction with a Fund only where CTIMCO believes in good faith that such transactions are appropriate for a Fund.

Where Blackstone serves as underwriter with respect to a portfolio company's securities, Funds may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Funds' ability to dispose of such securities at an opportune time.



***Other Blackstone Funds; Allocation of Investment Opportunities.*** Through its other investment funds, including Blackstone Real Estate Partners VII L.P., Blackstone Real Estate Partners Europe III L.P., Blackstone Capital Partners VI L.P., the credit-oriented funds managed by GSO Capital Partners LP and GSO/Blackstone Funds Management L.L.C. and any successor funds thereto, the funds managed by Blackstone Real Estate Special Situations Advisors L.L.C. and any successor funds thereto (such other investment funds and collective investment vehicles, and when the context requires future investment funds formed by Blackstone, collectively, the “Other Blackstone Funds”), Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities in the United States, Europe and other geographic locations. Moreover, certain Other Blackstone Funds will receive priority with respect to certain investment opportunities. For instance, Blackstone Real Estate Partners VII L.P. (and its successor funds) will receive priority with respect to control oriented real estate investments that exceed a certain dollar threshold of equity, subject to certain conditions / exceptions as set forth in its partnership agreement.

It is possible that certain portfolio companies of the Other Blackstone Funds, or real estate companies in which the Other Blackstone Funds have an interest, may compete with the Funds for one or more investment opportunities. In addition, certain Other Blackstone Funds may invest in securities of publicly traded companies which are actual or potential companies in which the Funds have made or will make investments (either directly or indirectly through CMBS). The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of the Funds. The Funds also may be precluded from pursuing an investment in an issuer as a result of such trading activities by Other Blackstone Funds.

To the extent there are investment opportunities that fall within the common investment objectives of the Funds and such Other Blackstone Funds, such opportunities will be allocated among the Funds and such Other Blackstone Funds on a basis that Blackstone determine to be fair and reasonable, in a manner consistent with their fiduciary obligations to its clients, taking into account contractual obligations, portfolio diversification concerns, the specific nature of the investment, the source of the investment opportunity, the nature of the investment focus of each investment fund, the relative amounts of capital available for investment in each fund and other considerations deemed relevant by Blackstone, each subject to any applicable investment limitations of the Funds and such Other Blackstone Funds. As a result, in certain circumstances investment opportunities suitable for the Funds may not be presented (in whole or in part) to the Funds. In addition, there can be no assurance that the return on the Funds’ investments will be equivalent to or better than the returns obtained by the Other Blackstone Funds participating in the same transactions.

The Funds may co-invest with an Other Blackstone Fund in investments that are suitable for both the Funds and such Other Blackstone Fund.

***Other Real Estate Funds.*** Blackstone reserves the right to raise additional real estate investment funds or managed accounts (“Other Real Estate Funds”). The closing of an Other Real Estate Fund could result in the reallocation of Blackstone personnel, including reallocation of existing real estate professionals, to such Other Real Estate Fund. In addition, potential investments that may be suitable for the Funds may be directed (in whole or in part) toward such Other Real Estate Funds.

***Allocation of Personnel.*** CTIMCO and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. However, Blackstone personnel will work on other projects and, therefore, conflicts may arise in the allocation of personnel.

***Activities of Principals and Employees.*** Certain of the principals and employees of CTIMCO may be subject to a variety of conflicts of interest relating to their responsibilities to the Funds and the management of the Funds’ investment portfolio. Such individuals may serve in an advisory capacity to other managed accounts or investment vehicles and as members of an investment or advisory committee or board of directors (or similar such capacity) for one or more investment funds, corporations, foundations or other organizations. Such positions may create a conflict between the services and advice provided to such entities and the responsibilities owed to the Funds. Furthermore, certain principals and employees of CTIMCO may have a greater financial interest in the performance of such other funds or accounts than the performance of the Funds. Such involvement may create conflicts of interest in making investments on behalf of the Funds and such other funds and accounts. Such principals and employees will seek to limit any such conflicts in a manner that is in accordance with their fiduciary duties to the Funds and such organizations.

***Service Providers and Financial Institutions as Investors.*** The Funds’ brokers and other service providers also may be investors in the Funds. This may influence CTIMCO in deciding whether to utilize the services of such brokers or other service providers or to pay such brokers or other service providers, higher fees or commissions, out of the Funds’ assets, in return for such brokers or service providers’ willingness to invest in the Funds, which could result in additional fees for CTIMCO.

***Trading by Blackstone Personnel.*** The officers, directors, members, managers and employees of CTIMCO may trade in securities for their own accounts, including, without limitation, hedge funds or other investment vehicles that may be potential competitors of the Funds, subject to restrictions and reporting requirements as may be required by law and Blackstone policies. Personnel in the various Real Estate Investment Advisors are not allowed to trade real estate related securities. The Blackstone Legal and Compliance Department will determine the definition of real estate securities. This restriction does not apply to managed accounts.

***Diverse Investor Group.*** The investors in the Funds may have conflicting investment, tax and other interests with respect to their investments in the Funds. As a consequence, conflicts of interest may arise in connection with decisions made by CTIMCO, including with respect to the nature or structuring of investments, which may be more beneficial for one investor than for another investor. In selecting and structuring investments appropriate for the Funds, CTIMCO

will consider the investment and tax objectives of the Funds and its investors as a whole, not the investment, tax or other objectives of any investor individually.

However, CTIMCO may enter into “side letters” with investors in the Funds, which allow for certain additional rights in the event of tax, regulatory or legal circumstances applicable to such investors, but not relating to Fund specific fees.

### **Other Financial Industry Affiliations**

CTIMCO is an affiliate of the following entities:

<b>Broker/Dealer</b>	
Blackstone Advisory Partners L.P.	Provides a variety of investment banking services
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors
Park Hill Real Estate Group LLC	Places real estate alternative investment products in private offerings to mostly institutional investors
<b>Investment Advisor</b>	
Blackstone Alternative Asset Management L.P.(“BAAM”)	Manages a series of private funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Debt Advisors L.P.	Provides investment advisory services to private investment funds specializing in debt securities
Blackstone Management Partners III L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector

Blackstone Mezzanine Advisors II L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Real Estate Advisors III L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
GSO/Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt focused private investment funds, closed-end funds and separately managed accounts
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities

Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to private investment funds which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
BREDS/CT Advisors L.L.C.	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Large Loan Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT OPI Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets

<b>Commodity Trading Advisor &amp; Commodity Pool Operator</b>	
Blackstone Alternative Asset Management L.P.	Manages a series of private funds engaged in multi-manager investment programs (i.e., funds of hedge funds)
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
<b>Commodity Pool Operator</b>	
Blackstone Alternative Asset Management Associates L.L.C.	Serves as general partner of BAAM Funds which are structured as limited partnerships

CTIMCO is also an affiliate of The Blackstone Group International Partners LLP (“BGIP”). BGIP is registered in and provides certain advisory services in the United Kingdom.

Blackstone Advisory Partners L.P. (“BAP”) provides various financial and business advisory services. In the regular course of its advisory businesses, BAP represents possible buyers, sellers and other parties regarding businesses that may be suitable for investment by CTIMCO funds. In these cases, BAP’s client typically would require Blackstone to act only on BAP’s client’s behalf, thus preventing CTIMCO from directly acquiring or investing in such business. BAP will not decline these transactions in order to make the investment opportunity available to the CTIMCO investors.

In connection with their advisory businesses, one or more of the CTIMCO affiliates listed above may acquire information that restricts Blackstone’s ability to engage in certain transactions. CTIMCO’s fund’s activities may be limited because of such restrictions.

BAP may represent creditors or debtors in restructuring or bankruptcy proceedings, under Chapter 11 of the Bankruptcy Code. BAP also may serve as advisor to creditor or equity committees. Such engagements may prevent CTIMCO from participating in such restructuring or holding a position in the debtor or may force CTIMCO to dispose of such position. Additionally, BAP, Park Hill Group LLC, and Park Hill Real Estate Group LLC are registered broker dealers. They do not make markets in any securities and generally do not hold proprietary positions in securities or other investments.

Various management personnel of Blackstone are registered with our broker-dealer, BAP. We do not believe this registration, in and of itself, creates a conflict for our investors.

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

CTIMCO recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of investors come first; and (iii) it has a fiduciary duty to its investors to act in or not opposed to the best interests of the Funds. All CTIMCO personnel are required to act in accordance with the implied contractual covenants of good faith and fair dealing in respect of their dealings with investors. All CTIMCO personnel must also comply with all federal securities laws.

The Code of Ethics (the “Code”) governs a number of potential conflicts of interest which exist when CTIMCO provides advisory services to the investors in the Funds it manages. The Code is designed to ensure that CTIMCO meets its fiduciary obligation to CTIMCO’s investors (or prospective investors) and to instill a culture of compliance within CTIMCO. An additional benefit of the Code is to detect and prevent violations of securities laws.

The Code is distributed to each employee at the time of hire and annually thereafter, and it is available on Blackstone’s intranet website. CTIMCO also supplements the Code with ongoing monitoring of employee activity.

The Code includes the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance of political contributions;
- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in “whistle blowing” activities from retaliation.

On an annual basis, Blackstone requires all employees to certify that they are in compliance with the Code.

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which may arise. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for a list of investment related potential conflicts.

CTIMCO’s related persons may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, securities which may also be purchased or sold for the account of our clients. CTIMCO and its related personnel are subject to guidelines governing the ability to trade in our personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes and that all such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department.



These policies are designed to comply with SEC requirements that registered investment advisors have a Code of Ethics. The Code is available for review upon request.

You may request a copy of the Code by contacting CTIMCO's Chief Compliance Officer, Jai Agarwal; 212-583-5000; [jai.agarwal@blackstone.com](mailto:jai.agarwal@blackstone.com).

## 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.

## **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**

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 (other than CDOs)**

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 Account**

We do not have custody of the assets of the Separate Account.

### **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.