

Columbia Pacific Advisors, LLC

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Firm Brochure (Part 2A of Form ADV)

March 31, 2015

This brochure provides information about the qualifications and business practices of Columbia Pacific Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (206) 728-9063. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Columbia Pacific Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with the information with which you determine to hire or retain an Adviser.

Additional information about Columbia Pacific Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

BROCHURE DISCLOSURE

In no event should this disclosure brochure be considered to be an offer of interests, or as a solicitation of offers to purchase interests, in any of Columbia's Private Fund clients or relied on in determining whether to invest in any Private Fund. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of this disclosure brochure. Rather, this brochure is designed solely to provide information about Columbia for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in the private placement memorandum, limited partnership agreement or investment management agreements of the Private Funds (the "Offering Documents"). To the extent that there is any conflict between any discussion in this disclosure brochure and the Offering Documents provided to investors, the Offering Documents provided to such investors should govern.

Item 2 – Material Changes

This brochure is an update to our disclosure document dated March 31, 2014. The following material change to our March 31, 2014 brochure that are included in this updated brochure is as follows:

- Effective March 31, 2014, Brandon Baty’s interest in Columbia Pacific Advisors, LLC was acquired by Alex Washburn and Stan Baty.
- We opened three additional private funds: one in the Real Estate Lending Strategy and two in the Real Estate Investing Strategy. You will find information for these funds under Item numbers 8.

Other non-material changes have been made to this brochure that are not discussed in this item. As such, we encourage you to read this brochure in its entirety.

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Item 4 – Advisory Business

Columbia Pacific Advisors, LLC (“Columbia”) is a Washington limited liability company. We began conducting business in December 2006.

Listed below are the firm’s principal owners:

ALEXANDER B. WASHBURN (controls at least 25%)

QUARTERMASTER, LLC (a limited liability company controlled by Stanley L. Baty - controls at least 25%)

DANIEL R. BATY (controls at least 10%)

Columbia provides discretionary investment management services to various pooled investment vehicles, and is the General Partner of domestic limited partnership (each a “Private Fund” and collectively, the “Private Funds”). The investment portfolio of each Private Fund is managed in accordance with the Private Fund’s offering memoranda and/or limited partnership agreement (the “Offering Documents”).

In addition, Columbia also provides specifically tailored investment advice to a high net worth family limited liability company and several high net worth individuals separately managed accounts.

In its capacity as general partner or investment manager to the Private Funds, Columbia is responsible for implementing each Private Fund’s investment objectives and strategies. Columbia may offer investment advisory services to other private investment vehicles or other clients in the future.

As of December 31, 2014, we were actively managing total regulatory client assets of approximately \$1,017,698,000. Approximately \$934,726,000 of client assets was managed on a discretionary basis. Approximately \$82,972,000 of client assets was managed on a non-discretionary basis. In addition with three new Private funds started in the first three months of 2015 we have received Capital Commitments of \$185,175,000, bringing total regulatory client assets to approximately \$1,202,873,000.

Item 5 – Fees and Compensation

Private Funds

The Private Funds pay Columbia management fees calculated at an annual rate of between 0.75% and 2% of the net asset value or capital commitments of each limited partner. Management fees are generally payable in advance and on a quarterly basis, directly from each Private Fund on the first day of the quarter. However, certain Private Funds are charged a monthly management fee, in advance; and (ii) incentive allocations or carried interest distributions. Columbia may, in its sole discretion, waive or reduce the management fees with respect to any Limited Partner or Member of the Private Funds.

Apart from the management fees described above, each of the Private Funds are also subject to certain performance-based incentive fees and/or certain carried interest distributions more fully described under Item 6 hereof.

Separately Managed Accounts

Columbia charges the family limited liability company it manages a fixed annual fee, billed quarterly in arrears. The individual separately managed accounts generally pay a negotiated quarterly fee based upon assets as the last day of the preceding quarter, billed in advance.

General information

Columbia's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as, but not limited to, fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Columbia's fee, and Columbia shall not receive any portion of these commissions, fees and costs.

The discussion above relative to the management fees, incentive allocations or carried interest distributions, and other costs and expenses related to an investment in the Private Funds is qualified in its entirety by the discussion contained in the respective Private Funds' Offering Documents.

Item 12 further describes the factors that Columbia considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Per the terms of its Offering Documents, the Private Funds are generally subject to the following performance-based incentive allocations and/or carried interest payable to Columbia, or to the General Partner of the relevant Private Fund (which are affiliates of Columbia):

1) an incentive allocation generally equal to 15%-20% of each limited partner's allocable share of aggregate net profits for the fiscal year, provided that any prior net losses previously allocated to the limited partner must be offset by allocations of net profits before the incentive allocation may be made with respect to such limited partner. Any withdrawal at any time other than the end of a fiscal year will also be subject to an incentive allocation as of the date of such withdrawal. Columbia may, in its sole discretion, waive or reduce the incentive allocation payable with respect to any limited partner; or

2) a "carried interest" distributions in a range of between 20% to 30% of the net proceeds from dispositions of, and income attributable to, the Private Fund's portfolio investments.

Payment of the incentive allocation and/or carried interest, as set forth above, are generally subject to certain conditions set forth in more detail in the Private Funds' Offering Documents. Incentive allocation and/or carried interest arrangements may create an incentive for Columbia to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Investors in the Private Funds are provided with disclosures contained in the respective Fund's Offering Documents relating to the incentive allocation and/or carried interest payable to Columbia and/or the affiliated General Partner and the risks associated with their investment in the Private Funds.

Item 7 – Types of Clients

Columbia provides investment advisory services to its Private Funds and to one high net-worth family limited liability company and several individual separately managed accounts.

Columbia does not impose any minimum requirements on our Private Fund clients. The Private Funds, however, generally impose minimum investment commitments, unless such minimums are waived by Columbia, and require investors to satisfy certain suitability standards. Columbia also does not impose any minimum requirements to the high net worth family limited liability company nor to the several separately managed accounts to whom it provides investment advisory services.

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

As the General Partner of, or the investment manager to each Fund, Columbia has authority over and responsibility for the investment program of each Fund. An investment in a Fund involves a significant amount of risk and is suitable only for sophisticated investors of substantial means who have no immediate need for liquidity in the amount invested, and who understand and can afford a risk of loss of all, or a substantial part of such investment. There can be no assurance that any returns will be realized or that a Limited Partner, or Member, will receive a return of its capital. In addition, investors should be aware that there will be occasions when the General Partner, or Managing Member, and its affiliates (including the Manager) may encounter potential conflicts of interest in connection with the Funds.

The following is a brief summary of the investment objective, strategy and related information of or for each Fund:

Opportunity Fund

The investment objective of the Opportunity Fund is to generate positive returns in all markets through a prudently diversified portfolio of significant investments that will generate superior-risk adjusted returns. The Opportunity Fund seeks to invest across multiple asset classes through direct investments. Direct investments will be made in assets in which Columbia's principals have expertise. Investments within this class can be both debt and equity, private and public. Potential asset classes include, but are not limited to; real estate, private equity, public equity, distressed debt, and special situation lending.

The Opportunity Fund will be free to change its investment policies and practices in any manner in the sole discretion of Columbia and without the approval of or notice to the limited Partners. The Opportunity Fund may trade in derivative instruments and may trade on margin or borrow funds in order to employ leverage. Columbia reserves the full discretion to invest Opportunity Fund assets in any way Columbia believes may be in the best interests of the Opportunity Fund consistent with the Opportunity Fund's overall investment objective. If determined to be consistent with its investment objectives, the Opportunity Fund may guarantee certain loans obtained by the portfolio companies in which it and/or some of Columbia's other private fund clients invest. The Opportunity Fund may be compensated for such guarantees, the terms of which are negotiated between Columbia and each borrower.

Columbia may designate, in its sole discretion, that certain investments of the Opportunity Fund, such as investments in illiquid funds, accounts or securities, or funds, accounts or securities that do not have a readily ascertainable market value, will be designated "Side Pocket Investments." Partners admitted after the designation of a Side Pocket Investment will have no interest in that Side Pocket Investment and, except as set forth in the limited Partnership agreement of the Opportunity Fund, no Partner will be permitted to withdraw any amount of its interest attributable to a Side Pocket Investment until all or the relevant part of such Side Pocket Investment is no longer designated as such. Side Pocket Investments will be subject to management fees, but no incentive allocation will be payable on any Side Pocket Investment until gains have been realized or deemed realized by Columbia in its sole discretion with respect to that Side Pocket Investment.

Distressed Fund

The historical investment objective of the Distressed Fund is to achieve superior long-term capital appreciation through investments in distressed senior housing and healthcare real estate and related distressed investments such as mortgage-backed securities, bonds, warrants and mezzanine debt. Currently the Distressed Fund owns (with CPDFCI) four senior housing assets and cash. The Distressed Fund is currently liquidating the remaining assets and is not making any new investments but may make follow-on investments in the existing assets.

CPDFCI

The historical investment objective of CPDFCI was to co-invest with the Distressed Fund, through a single-purpose entity, to acquire senior housing and healthcare real estate. Currently CPDFCI Fund owns (with Distressed Fund) four senior housing assets and cash. CPDFCI is currently liquidating the remaining assets and is not making any new investments but may make follow-on investments in the existing assets.

Senior Fund

The investment objective of the Senior Fund is to own an interest in any corporation, partnership, limited liability company, or other legal entity whose primary business is to acquire, develop, construct, own, operate, sell, lease, sublease, finance, or otherwise deal with senior housing facilities (including independent living, assisted living and skilled nursing) in North America, as well as ancillary businesses, including therapy, home health, durable medical equipment and hospice in North America.

The Senior Fund and the Real Estate Fund have similar (although not identical) investment objectives in that both funds focus on investments in real estate. In addition, these funds may co-invest in a particular portfolio company. This may result in a theoretical conflict of interests on behalf of Columbia and/or supervised persons in that they may have an incentive to provide preferential treatment in terms of time, resources, and investment opportunities to the fund that pays higher fees. Columbia mitigates these potential conflicts through the establishment of policies and procedures regarding trade allocation which requires Columbia and its supervised persons to put the interests of clients first, at all times.

Real Estate Fund I & II

The investment objective of the Real Estate Funds is to own an interest in any corporation, partnership, limited liability company, or other legal entity whose primary business is to acquire, develop, construct, own, operate, sell, lease, sublease, finance, or otherwise deal with real estate. The Funds investments will include, but will not be limited to; hospitality, industrial, office, multi-family, retail and senior housing facilities (including independent living, assisted living and skilled nursing) in the United States and Canada. While the Funds intend to invest a material portion of its capital in senior housing facilities, the Fund may invest opportunistically in other real estate assets.

As previously discussed, the Real Estate Fund and the Senior Fund have similar (although not identical) investment objectives in that both funds focus on investments in real estate. In addition, the Real Estate Fund and the Senior Fund may co-invest in a particular portfolio company. This may result in a theoretical conflict of interests on behalf of Columbia and/or its supervised persons in that they may have an incentive to provide preferential treatment in terms of time, resources, and investment opportunities to the fund that pays higher fees. Columbia mitigates these potential conflicts through the establishment of policies and procedures regarding trade allocation which requires Columbia and its supervised persons to put the interests of clients first, at all times.

Income Fund I & II

The investment objective of the Income Funds is to make short to medium term real estate secured loans and invest in other high quality secured loans at what the Manager believes to be a discount to fair value. The Fund intends to create a portfolio of loans with strong collateral profiles diversified both geographically and by product type. The Fund intends to primarily apply attractive, low leverage and stable financing to balance sheet borrowers who are willing to provide strong collateral, which may include a combination of personal guarantees and substantial collateral. The Funds will seek to manage risk through rigorous underwriting, intensive servicing and low loan to value ratios.

Union Bay Fund

The investment objective of the Union Bay Fund is to achieve attractive risk adjusted returns by providing a range of debt and equity financing solutions to growth stage companies. Typically, investments will be structured as senior secured loans coupled with an equity security, including warrants, options or rights to purchase common or preferred stock. The Fund will focus on, but not be limited to, two primary types of offerings, revenue based finance agreements and senior convertible promissory notes.

Diversified Fund

The Fund is a multi-strategy fund which provided investors the opportunity to participate, through a single investment in the Fund, in a diversified portfolio of Investment Funds sponsored by various Portfolio Managers. The Fund is closed to new investors and is in wind-down mode.

Partners Funds

The investment objective of the Partners Fund is to produce positive returns and outperform major U.S. equity indices through market cycles. This objective is measured over a period of several quarters. The Fund seeks to achieve its investment objective by constructing a relatively concentrated portfolio of long and short investments which Columbia believes have the potential to deliver returns that are substantial on an absolute basis and compensate for associated risk. The Fund seeks to enhance the returns from security selection by increasing or decreasing overall and net portfolio exposures to benefit from or reduce impact of general market movements.

Columbia seeks rates of return generally associated with investments in common equities and, to this end, intends primarily to make long and short investments in common stocks and long investments in call or put options on common stocks. Columbia may invest in ETFs, futures and other Financial Instruments generally and in connection with hedging activities. Columbia may also invest in debt or non-convertible preferred stock.

Columbia anticipates that the Fund's investments will be made predominantly in publicly traded securities. Although the Fund may invest in a broad range of Financial Instruments, Columbia anticipates that, in general, a majority of the Fund's investments will be made in publicly traded equities or securities linked to the performance of publicly traded equities. Columbia anticipates investing directly or indirectly in securities of companies at all market capitalizations.

The Fund's portfolio may be invested in a relatively small number of positions, the performance of which, over time, may be expected to drive the Fund's performance. Expected holding periods may range from days to several quarters.

Columbia may seek to create directional exposure. Directional market exposure, concentrated positions, and other factors may contribute to the volatility of the Fund's returns. Reducing short-term volatility is not an objective of the Fund. The Fund's risk management will likely focus on the potential for long-term capital impairment on a position-by-position basis and overall Fund liquidity and drawdown potential based on gross and net exposures.

Columbia has three primary considerations when constructing the Fund's portfolio and evaluating investments: (1) market direction and trends; (2) fundamental outlook of a prospective investment; and (3) discovery cycle of a prospective investment. Overall portfolio positioning is driven by Columbia's market outlook. This outlook is shaped by fundamental, technical, and sentiment factors. When Columbia believes that a trend is sustainable, it will add or increase positions that it expects will benefit from that trend. When it considers a trend to be uncertain or likely to reverse, Columbia generally will make compensating adjustments to the portfolio through a reduction or reversal of net exposures. This may be accomplished through changes in single issuer equity positions, futures or ETFs. The Fund anticipates frequently maintaining substantial net exposures.

The fundamental outlook for a prospective investment is Columbia's estimate of its expected value in a future period based on various factors, including projected free cash flow and sustainable enterprise valuation multiples adjusted for certain assets and liabilities. In addition to return potential, risk factors and potential catalysts are identified. The purpose of this analysis is to form a baseline expectation about a stock's longer-term direction and return potential independent of short-term factors, such as market trends and share price momentum. The private equity experience of the Fund's portfolio manager is useful in developing the fundamental outlook.

Over shorter periods, Columbia believes absolute and relative stock performance is influenced by a public market "discovery cycle." Exceptional earnings growth, a new product story, participation in a favored industry group, or

other factors may cause new types of investors to “discover” a stock. The interest of new buyers may lead the stock to outperform the general market, and valuations and expectations may move higher as the marginal buyer becomes more demanding (e.g., “hot money” momentum traders buying from “growth at a reasonable price” investors). Often expectations become unsustainable and give way to corrections during which stocks typically underperform the general market. Certain catalysts (e.g., exceeding or missing earnings expectations) often precede progression through the discovery cycle. By seeking to identify stocks on the verge of moving into or out of favor with investor groups, Columbia aims to shorten holding periods and correspondingly increase rates of return.

In order to construct a risk-return profile that fits the Fund’s objectives, investments may be structured using option positions to substitute for or supplement cash equity positions. In particular, Columbia may use long purchases, short selling and derivatives, including futures contracts, to manage or hedge exposures to particular risks or overall market conditions and directional trends. In addition, Columbia may use margin borrowing and derivatives transactions to leverage Columbia’s view of the risk/return profile of particular investments. The Fund does not intend to take naked short option exposure.

Freehold Fund

The investment objective of the Freehold Fund is to make indirect investments in certain Jersey Property Unit Trusts, wholly-owned special purpose entities or other investment entities (collectively, “Ground Rent Cos”) that own or are intended to own real property assets in the United Kingdom which real property are or will be subject to long-term ground leases (the “Ground Lease Properties”).

The General Partner believes that the fee interest in the land and entitlements to receive rents arising from the Long Term Tenant (the Ground Lessor Interest or “Freehold Interest” in the United Kingdom) are viewed as a strong investment due to the relatively low rate of default on rental payments due under the leases and the eviction rights provided to the Ground Lessor in the event of a default of rental payments. Freehold Corp believes that the Freehold Purchasers, primarily pension plans and insurance companies, have strong appetites to invest in Ground Lease Properties due to the strong credit profile of those investments.

Separately Managed Accounts

Columbia gives specifically tailored investment advice to a family limited liability company and several high net worth individual client accounts. Such investment advice is based on the investment objectives of each client, as communicated to Columbia.

Material Risks

Listed below is a summary of some of the material risks involved in connection with our methods of analysis and investment strategies. The discussion of material risks provided below is not meant to be a complete description of risks that may be applicable to Columbia or to an investment in the Private Funds. The risks discussed below may be applicable to some, but not necessarily to all of the Private Funds. All investment activities involve a high degree of risk, including the possible risk of loss of an investor’s entire investment and any returns thereon. For a more detailed discussion of the material risks involving an investment in each of the Private Funds, please refer to the relevant fund’s private placement memorandum. The information contained herein is a summary only and is qualified in its entirety by the relevant fund’s governing documents.

General Investment Risks.

A potential investor in the funds should note that the prices of the securities and other instruments in which the fund invests might be volatile. Market movements are difficult to predict and are influenced by, among other matters, government trade, fiscal, monetary and exchange rate and control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly

and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

In addition, a fund's success may depend on the fund's investment advisor's ability to implement the fund's investment strategy. Any factor that would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the fund will be successful under all or any market conditions. In addition, securities that the investment adviser to the fund believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame that the Investment Adviser anticipates. As a result, the fund may lose all or substantially all of its investment in any particular instance.

General Economic Conditions.

The success of any trading activity conducted by a fund may be affected by general economic conditions, which may affect the level and volatility of securities prices, interest rates and the extent and timing of investors' participation in the markets for currencies, securities and other instruments. Unexpected volatility or liquidity in the markets in which a fund holds positions could impair the fund's ability to carry out its investment strategy or cause it to incur losses.

Equity Securities.

The market price of securities owned by a fund may go up or down, sometimes rapidly or unpredictably. A risk of investing in a fund is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or particular industries or issuers represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities that the fund's investment adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the investment adviser anticipates. As a result, the fund may lose all or substantially all of its investment in any particular instance.

Potential Impact of a Limited Number of Investments.

Some or all of the Private Funds may invest in a limited number of securities and other instruments. Accordingly, such fund or funds could become concentrated in relatively fewer securities and/or other instruments at any given time. As a result of the foregoing, the aggregate return of the fund could be derived from a relatively undiversified, limited number of securities and other instruments. If a large portion of the assets of the fund is held in cash or cash-like instruments, performance might also be affected.

Short Selling.

Some or all of the Private Funds may engage in short selling as part of its general investment strategy. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the fund potentially to profit from declines in market prices to the extent such decline exceeds the transaction costs and the

costs of borrowing the securities. However, because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. The fund's obligations under its short sales will be marked-to-market daily and collateralized by the fund's assets held at the broker, including its cash balance and its long securities positions. Because short sales must be marked-to-market daily, there may be periods when short sales must be settled prematurely, and a substantial loss would occur.

Investments in Companies with Smaller Capitalizations or Limited Coverage.

Some or all of the Private Funds may invest in the securities of companies with smaller capitalizations or that are the subject of little or no analysis or coverage by Wall Street or similar U.S. or non-U.S. firms. Investments in such companies may involve greater risk than is customarily associated with investments in the securities of companies with larger capitalizations or with greater Wall Street or similar coverage. For example, smaller companies often have limited product lines, markets, and/or financial resources, may be dependent for management on one or a few key persons, may lack substantial capital reserves, may not have established performance records and may be more susceptible to losses. Also, the securities of companies with smaller capitalizations or limited Wall Street or similar coverage may be thinly traded (and therefore may have to be sold at a discount from then-current market prices or in small lots over an extended period of time) and may be subject to wider and more abrupt price swings, thus creating the potential for greater losses than investments in the securities of companies with larger capitalizations or greater Wall Street or similar coverage. In addition, in connection with such reduced liquidity, transaction costs incurred by the Fund with respect to investments in the securities of companies with smaller capitalizations or limited Wall Street, analyst or similar coverage may be higher than the transactions costs the fund would have incurred if the fund had invested only in the securities of larger capitalization companies or companies with greater Wall Street, analyst or similar coverage.

Equity Securities

The value of the equity securities held by some or all of the Private Funds are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other forms of investment.

Debt and Other Income Securities

Some or all of the Private Funds may invest in fixed-income and adjustable rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities.

Borrowing

Borrowing for investment purposes generally provides exposure to changes in price at a ratio greater than 1:1 in reference to the amount invested. Some or all of the Private Funds may incur leverage by borrowing securities to effect short sales, entering into transactions on margin, entering into swaps and other derivatives contracts, and deploying other leveraging strategies. Such funds may borrow for other investment purposes as well as for liquidity purposes and such funds may not be limited in the amount of its borrowings (except for limits, if any,

imposed by applicable law). Such borrowing increases the risk of loss and volatility. Borrowings may be secured or unsecured, but in most instances are expected to be secured by the fund's assets. Margin calls or changes in margin requirements applicable to the fund's borrowings may require the fund to pledge additional collateral or liquidate the fund's holdings, which could require it to sell investments at substantial losses that would not otherwise occur. In addition, regardless of the price movements of the fund's investments, it will incur expenses whenever it borrows (such as fees, commissions, interest and taxes), which will reduce the return to the fund's investors.

Real Estate Ownership in General

A Private Fund's investments will be subject to the risks generally incident to the ownership of real estate and facilities, including: uncertainty of cash flow to meet fixed and other obligations; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates, and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); uninsured losses and other risks that are beyond the control of its general partner. There can be no assurance of profitable operations because the cost of owning the properties may exceed the income produced, particularly since certain expenses related to real estate and its development and ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained to cover most casualty losses and general liability arising from the properties, no insurance will be available to cover certain uninsured casualties as well as cash deficits from ongoing operations.

Competition for Investment Opportunities

Some or all of the Private Funds may be competing for investment opportunities with entities that have greater financial and other resources than such fund. Those entities may be able to accept more risk than the fund can prudently manage. Competition generally may reduce the number of suitable investment opportunities available to the fund and increase the bargaining power of property owners seeking to sell. No assurances can be given that such competition will not adversely affect the fund's ability to make investments and generate revenues.

Illiquidity of Real Estate

Equity real estate investments are relatively illiquid and therefore tend to limit the ability of a fund to vary its portfolio promptly in response to changes in economic or other conditions.

Investments in Development and Construction of Projects

Some of the Private Funds may invest in development and construction projects. Risks associated with development and construction activities may include: (i) abandonment of development opportunities; (ii) construction costs of a property exceeding original estimates, possibly making the property uneconomical; (iii) occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable; (iv) financing may not be available on favorable terms for development of a property; and (v) construction and lease-up may not be completed on schedule, resulting in increased debt service expense and construction costs. In addition, new development activities, regardless of whether they would ultimately be successful, typically require a substantial portion of management's time and attention. Development activities would also be subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. These factors could adversely impact the fund's performance.

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 your evaluation of Columbia or the integrity of Columbia's management. Columbia has no disciplinary information.

Item 10 – Other Financial Industry Activities and Affiliations

Columbia serves as the general partner of, or investment manager to each Private Fund, as further described in the responses in the Advisory Business section above.

The owners of Columbia have an affiliation with another investment adviser, Columbia Pacific Capital Management (CPCM) which provides advisory services for separately managed accounts. The principal owners of Columbia have an ownership interest in CPCM, but are not involved in the daily operations. CPCM's advisory clients may invest in private funds for which CPA acts as general partner or as investment manager. In order to prevent any potential conflicts of interests arising from this arrangement, CPCM does not charge or collect a fee, whether in the form of a management fee, advisory fee, or performance based fee, from its client(s) investments in the Private Funds managed by CPA. In addition, CPCM may provide advisory services to some of the investors of the Private Funds of CPA. If they do, CPCM will charge fees based on their advisory management contract with each respective investor.

Columbia is the sole member of CPA Development, LLC ("CPA Development"), a limited liability company that currently provides development and management services to entities in which the Senior Fund and Real Estate Fund invest. In addition, CPA Development provides services to some of the portfolio companies of the Opportunity Fund and certain companies owned by one or more of CPA's principals. Pursuant to a written agreement between CPA Development, LLC and these portfolio companies, CPA Development is responsible for the development, construction and management of certain properties owned by these portfolio companies. CPA Development is paid a Development Fee by the specific portfolio companies in the above mentioned funds that ranges from 3% to 7.5% of the development costs, less certain expenses set forth in the agreement between the parties. The fees earned by CPA Development indirectly benefit Columbia and its principal owners since Columbia is the sole member of CPA Development and as such, each principal owner is allocated a proportionate percentage of any net revenues earned by CPA Development.

In addition, one of the portfolio managers for Columbia also serves as the Managing Director for CPA Development and in such capacity receives compensation from CPA Development. This arrangement may result in a theoretical conflict of interest in that such portfolio manager may recommend that the funds make investment in companies that have engaged, or intend to engage CPA Development.

In order to address the potential conflicts described above, Columbia requires that before an agreement is entered into between CPA Development and such portfolio companies, proper documentation and support is created and maintained relative to the advisability and propriety of such arrangement. In addition, the terms of such agreement are negotiated on an arms-length basis and an analysis is conducted relative to the competitiveness of the fees charged by CPA Development.

One of Columbia's private fund clients, specifically the Opportunity Fund, and some of Columbia's affiliates have entered into an agreement with Seattle Bank pursuant to which the fund and certain affiliates have provided financing to Seattle Bank for recapitalization purposes. Currently, a number of the Private Funds (collectively, the "Depositors") maintain bank accounts at Seattle Bank, which deposits currently represent a substantial portion of the bank's assets. In addition, Columbia may recommend that funds and/or securities of the Private Funds be custodied at Seattle Bank. This arrangement may create a potential conflict of interest in that any revenues earned by the Seattle Bank from the accounts maintained by the Depositors, as well as fees earned from custodial

services provided by Seattle Bank to the Private Funds, may theoretically increase the value of Opportunity Fund's and its affiliates' investment in Seattle Bank. In order to mitigate such conflict, and in accordance with Columbia's fiduciary duty to each of the Private Funds, Columbia has established policies and procedures which requires Columbia and its supervised persons to put the interests of each of its clients first, at all times, by making an independent determination relative to the advisability and propriety of recommending that the assets of its fund clients be deposited at Seattle Bank, and the suitability of having fund assets custodied at such bank.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Columbia has adopted a Code of Ethics (the "Code") that sets forth the basic policies of ethical conduct for all managers, members, officers, directors and employees of Columbia and their fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumormongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Access Persons (as defined in the Code) at Columbia must acknowledge the terms of the Code annually, or upon any amendments.

Columbia anticipates that, in appropriate circumstances, it may cause a Private Fund over which Columbia has management authority to effect and recommend the purchase or sale of securities in which Columbia, its affiliates and/or clients, directly or indirectly, have a position of interest. This arrangement may result in a theoretical conflict of interest in that Columbia and/or its affiliates may be deemed to have an incentive to recommend the purchase or sale of securities in which it has a potential interest. In order to mitigate such theoretical conflict of interest, a determination is made by Columbia prior to such transaction that such transaction is consistent with the relevant Private Fund's investment objectives. In addition, the Code is designed to ensure that any conflict of interest arising from such arrangement will always be resolved in favor of the client.

In addition, the Code governs personal trading by each employee of Columbia deemed to be an Access Person and is intended to ensure securities transactions effected by Access Persons of Columbia are conducted in a manner that avoids any actual or potential conflict of interest between such persons and the clients or affiliates of Columbia. Columbia collects, reviews and maintains records of securities holdings and securities transactions effected by each Access Person. These records are reviewed to identify and resolve any conflicts of interest.

The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Columbia will not interfere with (i) making decisions in the best interest of the Private Funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Columbia's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity.

Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as the Private Funds, there is a possibility that employees might benefit from market activity by a Private Fund in a security also held by an employee. Employee trading is periodically monitored under the Code to reasonably prevent and detect any conflicts of interest between Columbia and its clients brought about by such arrangement.

Certain affiliated accounts may trade in the same securities on the same day as the Private Fund accounts, on an aggregated basis when consistent with Columbia's obligation of best execution. In such circumstances, the affiliated and client accounts at the same custodian will receive securities at the same average price. Columbia will retain records of the trade order (specifying each participating account) and its allocation. Partially filled orders will usually be allocated on a pro rata or random basis.

It is Columbia's policy that the firm will not affect any principal cross securities transactions for client accounts. Columbia will also not conduct any cross trades between client accounts. Principal transactions are generally

defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A cross transaction may be deemed to have occurred if a security is crossed between an affiliated fund and another client account and Columbia or its affiliated person acts as agent for both the purchaser and seller of the securities, and receives compensation for acting as agent beyond the investment management fees that it stands to receive in the ordinary course of managing the assets of such client or clients.

Columbia's clients or prospective clients may request a copy of the firm's Code by contacting Paul Parietti, the Chief Compliance Officer, at (206) 701-7887.

Item 12 – Brokerage Practices

Among the Private Funds managed by Columbia, only the Opportunity Fund and Partners Fund currently trade public securities. As a result, the following discussion pertains directly to the trading activities of these two funds.

Columbia has complete discretion over the selection of broker-dealers to execute securities transactions and negotiate compensation arrangements with such broker-dealers. In addition to using broker-dealers as agents and paying commissions, Columbia may cause any of the three funds to buy or sell securities directly from, or to broker-dealers acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns, and may buy securities from underwriters or broker-dealers in public offerings at prices that include compensation to the underwriters or broker-dealers. The following discussion summarizes the material aspects of Columbia's practices in selecting broker-dealers to execute transactions.

Selection Criteria – Execution Quality

In choosing broker-dealers, Columbia is not required to consider any particular criteria. For the most part, Columbia seeks "best execution" of securities transactions. "Best execution" is not synonymous with the lowest price. In evaluating whether a broker-dealer will provide best execution, Columbia considers a range of factors. These include, among others, (i) historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions, (ii) the execution, clearance and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be bought or sold, (iii) the broker-dealer's willingness to commit capital, (iv) the size of the transaction, (v) the availability of securities to borrow for short sales, (vi) the market for the security, (vii) and, as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the broker-dealer. Columbia is not required to select the broker-dealer that charges the lowest transaction price, even if that broker-dealer can provide execution quality comparable to other broker-dealers. The Opportunity Fund and the Partners Fund may at times pay more than the lowest transaction price available in order to obtain for Columbia services and products that relate to investment research or trading activities.

"Soft Dollars"

Columbia may select broker-dealers in recognition of the value of various services or products, beyond transaction execution, that they provide to Columbia or its advisory clients. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is commonly referred to as paying for those services or products with "soft dollars." Because many of those services and products could benefit Columbia, Columbia may face conflicts of interest in allocating a client's securities transactional business. These may include incentives to cause the client to engage in the following practices to induce broker-dealers to provide those benefits, including by:

- (i) paying broker-dealers higher compensation (including markups and markdowns on principal transactions with market-makers) than the compensation payable to other market participants who do not provide the services or products;
- (ii) selecting broker-dealers that do not provide the best possible price;

- (iii) using (and paying) broker-dealers who do not actually provide execution services (including broker-dealers who are paid commissions on transactions effected on a principal basis with other broker-dealers acting as market makers); and
- (iv) effecting more transactions than might otherwise be optimal.

The agreements between Columbia and its clients generally authorize Columbia to use client soft dollars for a wide range of purposes, including certain purposes that may fall outside the safe harbor afforded by Section 28(e) of the Exchange Act as amended (see below). The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars.

Columbia believes its use of soft dollars benefits both the Opportunity Fund and the Partners Funds. However, the research and services acquired with soft dollars generated by the Opportunity Fund's and Partners Funds' investments may not necessarily be utilized solely for the benefit of the Opportunity Fund and the Partners Funds, and may also benefit Columbia, its members, employees and affiliates. Columbia may allocate soft dollar benefits among its various clients in a manner it deems, in good faith, to be appropriate.

Fund Expenses

Columbia may, in its discretion, use soft dollars to pay broker-dealers for record-keeping, custodial and related services for the Opportunity Fund.

Research and Brokerage

Columbia may use soft dollars to acquire other "research" and "brokerage" services and products for which the Opportunity Fund and Partners Funds would not otherwise be required to pay. Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" for soft dollar uses when certain conditions are met. Under Section 28(e), "research" means services or products used to provide lawful and appropriate assistance to Columbia in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for Columbia's clients or to assist in effecting those transactions. To be protected under Section 28(e), Columbia must, among other things, determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Notwithstanding this protection, Columbia could be considered to have a conflict of interest when it uses soft dollars for research and brokerage services and products. Because Columbia might otherwise have to pay cash for those services and products, it may have an incentive to use broker-dealers who provide those products and services more than it otherwise would. The types of "research" Columbia expects to acquire include (but is not limited to): reports on, and other information about, particular companies or industries; economic surveys and analyses; recommendations as to purchase, holding or sale of specific securities; financial publications; portfolio evaluation services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems; for use in running software used in investment decision making; and other products or services that may enhance Columbia's investment decision making. "Brokerage" services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities used for such things as communicating orders electronically to executing brokers.

When a particular product or service that a broker or dealer is willing to provide for soft dollars has dual purposes (*i.e.*, it is useful to Columbia for both "research" and non-research purposes), Columbia may allocate the cost of the product or service between its research and non-research uses and pay only the "research" portion with soft dollars. Columbia's interest in making such allocation may differ from the Opportunity Fund's and Partners Fund's interest in that Columbia has an incentive to designate as much as possible of such cost to "research" in order to permit payment with soft dollars.

Procedures

Broker-dealers from which Columbia obtains soft dollar services or products generally establish "credits" based on past transactional business (including markups and markdowns on principal transactions), which may be used

to pay or reimburse Columbia for specified expenses. In some cases, a broker-dealer may suggest a level of future business that would fully compensate the broker-dealer for services or products it provides. Columbia's actual transactional business with a broker-dealer may be less than the suggested level but can—and often will—exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because Columbia's investment activities generate aggregate commissions in excess of the levels of future business suggested by all broker-dealers who provide services and products. And it may be in part because those broker-dealers may also provide superior execution and may therefore be most appropriate for particular transactions. These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute research and/or brokerage services.

Brokerage for Client Referrals

Broker-dealers with which a Private Fund transacts may introduce Columbia to prospective investors in the Private Fund. However, Columbia does not consider the prospect of receiving or the receipt of investor referrals when selecting or recommending broker-dealers for securities transactions for its clients.

Directed Brokerage

Managed account clients may, under the terms of our agreement, require us to execute transactions through a specified broker dealer, in which event they may receive less favorable prices or may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs.

Aggregation of Orders

Columbia may (but is not required to) combine orders on behalf of the Opportunity Fund, and/or the Partners Funds with orders for other accounts for which Columbia or its principals have trading authority, or in which Columbia or its principals have an economic interest. When it does, Columbia will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. Columbia believes combining orders in this way will be advantageous to all participants over time. However, the average price could be less advantageous to the Opportunity Fund Partners Funds than if it had been the only account effecting the transaction or had completed its transaction before the other participants.

Item 13 – Review of Accounts

Publicly traded securities are monitored on a daily basis; for the Opportunity Fund by Alexander Washburn and Trent Stedman; for the Partners Funds by Trent Stedman. Each Columbia fund's Portfolio Manager reviews the investments in their respective funds on at least a weekly basis. The principals of Columbia monitor all other investments on at least a monthly basis.

In general, each investor in a Private Fund receives, for each fiscal year of the Private Fund, audited financial statements performed by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. And such other information as may be reasonably necessary for the preparation of the investor's tax returns.

In addition, each investor in a Private Fund which trades in public securities generally receives monthly or quarterly an unaudited capital account statement and each investor in the remaining Private Funds generally receives quarterly, semi-annually or annually an unaudited report providing a summary of the respective Private Fund's portfolio investments.

Item 14 – Client Referrals and Other Compensation

While Columbia does not have any referral arrangements for compensation at the present time, Columbia may appoint one or more placement agents to solicit prospective investors for interests in the Private Funds. Unless

paid by the relevant investor, all fees or compensation payable to a placement agent with respect to an investment by such investor will be paid solely by Columbia or its affiliates (other than the relevant Private Fund), which fees or compensation are expected to be paid out of the management fees, incentive allocations or carried interest distributions payable by such Private Fund.

Item 15 – Custody

Columbia does not receive any compensation from the above mentioned custodians and believes that all firms provide adequate service for reasonable fees. For the family limited liability company, we only have custody of the assets invested by the family limited liability company in our Private Funds; for all other assets, the custodian was chosen by the family limited liability company. The separately managed accounts are custodied at Fidelity Investments.

With respect to certain of the Private Funds, Columbia is deemed to have custody of client funds and securities by virtue of their status as investment manager and/or general partner of the Private Funds, as applicable. The qualified custodians currently utilized by Columbia on behalf of the Private Funds for cash are either Washington Trust Bank, Seattle Bank or Wells Fargo Bank and for those which trade in public securities, Jefferies LLC.

To comply with Rule 206(4)-2 under the Advisers Act, Columbia reasonably believes that all investors in the Private Funds for which Columbia or its affiliates are deemed to have custody of client funds and securities will be provided with audited financial statements which are audited by PCAOB registered firms (as discussed under Item 13). Audited financial statements for such Private Funds are provide to investors within 120 days (180 days for fund of funds) of the end of the respective Private Fund’s fiscal year. Such investors should carefully review the audited financial statements of the respective Private Fund upon receipt. Columbia may use additional qualified custodians in the future.

Item 16 – Investment Discretion

Columbia has complete discretion over the selection and amount of securities to be bought or sold by the Private Funds (within the parameters established by the relevant Fund’s limited partnership agreement or limited liability agreement, and/or private placement memorandum). Columbia is not required to obtain the consent or approval of any Limited Partner or Member of a Private Fund in connection with any investment transaction or decision on behalf of the Private Fund. For the separately managed accounts, Columbia has discretion over the selection and amount of public securities to be bought or sold in specified industry groups. For the family limited liability company, Columbia has discretion over the selection and amount of private securities to be bought or sold but does not have discretion over the amount of public securities to be bought or sold.

Item 17 – Voting Client Securities

Columbia has adopted a policy governing the voting of proxies that is designed to ensure that Columbia votes proxies relating to securities or other assets held by the Private Funds in a prudent and diligent manner intended to enhance the economic value of the relevant securities or other assets. Each proxy proposal will be considered on its own merits, and an independent determination will be made whether to support or oppose management’s position. A client may obtain a copy of these proxy voting policies as well as information on how Columbia has voted past proxies by calling (206) 728-9063.

Item 18 – Financial Information

Columbia has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.