

CNI NSI Advisors, LLC

Form ADV, Part 2A

BROCHURE

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This brochure ("Brochure") provides information about the qualifications and business practices of CNI NSI Advisors, LLC ("CNI NSI Advisors" or the "Manager"). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (the "CCO").

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

The Manager is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training. Additional information about the Manager is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

CNI NSI Advisors, LLC last filed Part 2A was filed on December 7, 2018. This annual amendment includes the following changes that were made since the last other-than-annual amendment update.

This annual amendment reflects the change of executive management of Colony Capital, assets under management as of December 31, 2018, fees and compensation and financial industry affiliations.

This Brochure also includes certain other routine updates and additional information. This Item 2 reflects only material changes made since December 7, 2018 other-than-annual amendment. It is important that you read this entire Brochure, including the updates, to fully understand the disclosures made herein.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle advised or sponsored by the Manager or an affiliate (each a "Managed Vehicle")**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship or Managed Vehicle**

As required by the U.S. Investment Advisers Act of 1940, as amended ("Advisers Act"), the Manager provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a Managed Vehicle, together with the Managed Vehicle's SEC filings (as applicable), organizational documents, management contracts or other related documents (the "Governing Documents"), prior to, or in connection with, such persons' investment in the Managed Vehicle. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of the Manager, persons who receive this Brochure (whether or not from the Manager) should be aware that it is designed solely to provide information about the Manager as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant Governing Documents. More complete information about each Managed Vehicle is included in relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by the Managed Vehicle or by another authorized party.

In no event should this Brochure be relied upon in determining whether to invest in a Managed Vehicle or to engage the Manager as an investment adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

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Item 4: Advisory Business

Colony Capital

CNI NSI Advisors, LLC ("CNI NSI Advisors" or the "Manager") is a Delaware limited liability company and an indirect subsidiary of Colony Capital, Inc. (NYSE: CLNY) ("Colony Capital"), a global real estate and investment management firm publicly-traded on the New York Stock Exchange. Thomas J. Barrack, Jr. is the Executive Chairman and Chief Executive Officer of Colony Capital, and Darren J. Tangen is the President of Colony Capital.

Colony Capital's Investment Management Businesses

The Manager

The Manager's advisory business primarily consists of providing asset management, advisory and other services to the Trust, and Holdco. In accordance with the management services agreement entered into by and among the Manager, Trust and Holdco (the "Management Agreement"), the Manager will provide assistance in the management, sale, disposition, and/or liquidation of the Retained Asset previously owned by NorthStar Real Estate Income Trust, Inc. ("NorthStar I"), and to provide administrative services to the Trust. The Manager provides its advisory services subject to the oversight of the Trust's board of trustees (the "Trustees"), pursuant to the Management Agreement.

The Manager utilizes the Trust's officers to provide management, advisory and certain administrative services for the Trust. Pursuant to the Management Agreement, the Trust does not pay any of these individuals for serving in their respective positions; provided that, pursuant to the Management Agreement the Trust may reimburse the Manager for personnel expenses incurred by the Manager or its affiliates (see Item 5: Fees and Compensation – Other Fees and Expense Reimbursements). The Manager also has entered into a staffing agreement with one or more affiliates of Colony Capital under which Colony Capital's affiliates have agreed to make senior management and other personnel available to perform services for Manager.

As of December 31, 2018, the Manager managed approximately \$62,273,000 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis. Assets under management are calculated and presented in this Brochure according to the requirements of the Advisers Act and may differ from the calculation and presentation of assets for purposes of other disclosures made by Colony Capital or the Trust.

Affiliated Advisers

The Manager and the Affiliated Advisers (defined below) generally have common policies and procedures with respect to their clients, share senior management teams and key personnel. The advisory business of the Affiliated Advisers consists of advising (i) private investment funds and co-investment vehicles (the "Managed Funds"), (ii) public REITs that are either traded on a national securities exchange or non-listed and sold through independent broker dealer channels (the "Managed REITs"), and/or (iii) closed-end management investment companies (together with the Managed Funds and the Managed REITs, "Managed Vehicles") registered under the Investment Company Act of 1940, as amended ("Investment Company Act"). The investment strategies of the Managed Vehicles are generally focused on making direct investments in real estate and real estate-related assets, debt and distressed debt investments.

Each Affiliated Adviser is a separate and distinct company that may have differing investment capabilities and functions, but the Affiliated Advisers work collaboratively to provide advice and services to Clients. The Affiliated Advisers of the Managed REITs and the registered investment companies have separate registrations with the SEC and the Affiliated Advisers of the Managed REITs have separate brochures. Clients of the Managed REITs should refer to the brochure for the applicable Affiliated Adviser.

The Affiliated Advisers include, but are not limited to: Colony Capital Investment Advisors, LLC (Delaware), Col Invest Italy S.R.L. (Italy), Colony Capital Advisors, LLC (Delaware), Colony Realty Partners, LLC (Delaware), CDCF IV Investment Advisor, LLC (Delaware), Colony Industrial Investment Advisor, LLC (Delaware), CLNC Manager, LLC (Delaware), CNI NSHC Advisors, LLC (Delaware), CNI NRE Advisors, LLC (Delaware), CNI FCVP Advisors, LLC (Delaware), Colony Capital – N Luxembourg S.à.r.l. (Luxembourg), Colony Capital Luxembourg S.à.r.l. (Luxembourg), Colony Capital UK, Ltd. (United Kingdom), Colony Capital SAS (France), CNI One Cal Plaza Investment Advisor, LLC (Delaware), CNI Century Plaza Advisor, LLC (Delaware), CDCF V Investment Advisor, LLC (Delaware), CNI RECF Advisors, LLC (Delaware) and CIB Bulk 2018 Investment Advisor, LLC (Delaware). Further information about the advisory businesses of these affiliates can be found in the public disclosures on Form ADV for those firms.

Other Affiliates

Certain other affiliates of the Manager and Colony Capital provide investment advisory and related services and may have separate registrations with the SEC. These other registered affiliates do not have common policies and procedures but may share certain management teams or personnel with the Manager and the Affiliated Advisers but are treated as separate and distinct companies and SEC registrants. These advisers may offer a variety of investment strategies and services to a number of different clients. These separate registered investment adviser affiliates and certain exempt reporting advisers include (i) Digital Colony Management, LLC (Delaware) and DCP Fund I Adviser, LLC (Delaware); (ii) Colyzeo Investment Management Limited (United Kingdom) and Colyzeo Investment Advisors Limited (United Kingdom); and (iii) CapCol Management, LLC (Delaware). Further information about the advisory businesses of these other affiliates can be found in the public disclosures on Form ADV for those firms.

Colony Capital also directly and indirectly owns a number of operating entities that are engaged in the business of owning, controlling, operating, managing, servicing and providing other services related to real estate and real estate-related assets. The operating companies owned by Colony Capital that are engaged in the financial services industry are described in Item 10 below.

The Trust

The Trust is organized for the sole purpose of liquidating the Retained Asset and, in connection therewith, acting as the managing member of Holdco and causing Holdco and any of its subsidiaries to own, hold, service and receive the proceeds of any sale of the Trust's assets and the Retained Asset for the ultimate purpose of liquidating the Trust's assets and the Retained Asset and distributing the net proceeds to each record owner of outstanding units of the Trust ("Unitholders").

A Note about these Managed Vehicle Disclosures

Investors and other recipients of this Brochure should be aware that while this Brochure may include information about a Managed Vehicle, including the Trust, as necessary or appropriate, the Brochure should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Managed Vehicle. More complete information about a Managed Vehicle is included in the respective Managed Vehicle's Governing Documents, which are included in the Trust's public filings. In no event should this Brochure be considered to be an offer of interests in the Trust or any other client or relied upon in any determination to invest in the Trust or any client. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed to provide information about the Manager for the purpose of compliance with the Manager's obligations under the Advisers Act. Accordingly, the Brochure responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Trust's Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Document, the relevant Governing Document shall govern.

The Manager's Advisory Services to the Trust

Pursuant to the Management Agreement, the Manager provides management, sale, disposition and/or liquidation services with respect to the Retained Assets and provides administrative services to the Trust and any of its subsidiaries. In performance of these services, subject to the oversight of the Trustees and subject to the condition that any investment advisory services provided with respect to securities shall be provided by a registered investment adviser, the Manager shall, either directly or by engaging an affiliated or non-affiliated person, manage the day-to-day operations of the Trust and its subsidiaries. The Manager is responsible for the operations identified in the Management Agreement, including, among others: (i) providing administrative services, which include legal and other services, office space, office furnishings, personnel and other items necessary and incidental to the Trust's and its subsidiaries' business and operations; (ii) maintaining accounting data and any other information requested concerning the activities of the Trust and its subsidiaries as shall be required to prepare periodic financial reports with the SEC; (iii) overseeing tax, compliance and risk management services and coordinating with third parties for consultation on tax matters; (iv) managing and coordinating with transfer agents; (v) consulting and assisting the Trustees to obtain adequate insurance coverage; (vi) providing updates to the Trustees related to the overall regulatory environment affecting the Trust; (vii) consulting with the Trustees with respect to the governance structure and appropriate policies and procedures thereto; (viii) overseeing all reporting, record keeping and internal controls; (ix) managing communications with Unitholders; and (x) investigating, selecting, and on behalf of the Trust, engaging and conducting business with consultants that the Manager deems necessary to the proper performance of the Trust.

The Manager does not currently offer wrap fee programs.

Item 5: Fees and Compensation

Management Fee

The Trust

The Management Agreement provides that a monthly management fee be paid by the Trust to the Manager equal to one twelfth of one and one-quarter percent (1.25%) of the fair market value of the Trust's net assets.

The Manager shall compute each installment of the management fee within twenty (20) days after the end of the calendar month with respect to which such installment is payable. A copy of the computations made by the Manager to calculate such installment of the management fee shall thereafter promptly be delivered to the Trust and, upon such delivery, payment of such installment of the management fee shown therein shall be due and payable in cash no later than the date that is ten (10) days after the date of the delivery to the Trust such computation. Payment of the management fee may be waived or deferred, in whole or in part, from time to time, by the Manager without interest.

Other Fees and Expense Reimbursements

Expense Reimbursements

In addition to the management fee, the Trust or its subsidiaries, as the case may be, shall pay directly or reimburse the Manager for all of the expenses paid or incurred by the Manager in connection with services it provides to the Trust or its subsidiaries. The Manager will be reimbursed for the expenses identified in the Management Agreement, including, among others: (i) the actual cost of goods and services used by the Trust or its subsidiaries, including brokerage fees paid in connection with the purchase and sale of any securities; (ii) interest and other costs for borrowed money, including, without limitation, discounts, points and other similar fees; (iii) taxes and assessments on income or assets of the Trust or its subsidiaries and any other taxes otherwise imposed on the Trust or its subsidiaries; (iv) costs associated with insurance required in connection with the business of the Trust or its subsidiaries or by the Trust's

officers and Trustees; (v) expenses of managing and operating assets owned by the Trust or its subsidiaries; (vi) all expenses in connection with payments to the Trustees and meeting of the Trustees and Unitholders; (vii) expenses associated with a sale of the Retained Asset or other restructuring or modification of the terms governing the Retained Asset; (viii) expenses connected with payments of distributions; (ix) expenses of organizing, revising, amending, converting, modifying or terminating the Trust; (x) expenses of maintaining communications with Unitholders, including, without limitation, the cost of preparing, printing, and mailing annual reports and other reports, proxy statements and other reports required by governmental entities; (xi) administrative service expenses (including, without limitation, related personnel costs; (xii) audit, accounting and legal fees and other fees for professional services relating to operations of the Trust or its subsidiaries and all such fees incurred at the request, or on behalf of, independent Trustees or any committee of the Trustees; (xiii) out-of-pocket costs for the Trust or its subsidiaries to comply with all applicable laws, regulations and ordinances; and (xiv) all other costs incurred by the Manager in performing its duties.

Expenses incurred by the Manager on behalf of the Trust or its subsidiaries, or in connection with the services provided to the Trust shall be reimbursed no less than monthly to the Manager. The Manager shall prepare a statement documenting the expenses of the Trust and its subsidiaries, and shall deliver such statement to the Trust and Holdco within twenty (20) days after the end of each month. Reimbursement of the expenses set forth in such statement shall be made no later than ten (10) days after the receipt of such statement.

Fees Related to Special Services

Should the Trustees request that the Manager or any director, officer or employee thereof render services for the Trust or its subsidiaries other than what is set for in the Management Agreement, such services shall be separately compensated at such rates and in such amounts as are agreed by the Manager and the independent Trustees.

Timing and Deduction of Fees

All Trust fees are generally calculated and payable monthly in arrears. Trust fees are deducted from Trust assets. More complete information about fees is contained in the Company's Governing Documents.

Item 7: Types of Clients

The Manager currently only provides management advice to the Trust. The Trust is the transferee of the Retained Asset of NorthStar I and files reports with the SEC file number for NorthStar I. The Trust expects to obtain no-action relief from the SEC regarding certain reporting requirements under the Securities Exchange Act of 1934, as amended; however, there can be no assurance that the Trust will obtain the relief sought. The Trust intends to be treated as a liquidating trust under Treasury Regulation Section 301.7701-4(d) and any analogous provision of state or local law.

The Manager may in the future provide investment advice to clients other than the Trust, including pooled investment vehicles, co-investment vehicles and real estate finance companies, generally in the form of corporations, limited partnerships or limited liability companies. The Manager does not have requirements for opening or maintaining accounts. However, there may be conditions for investing in Managed Vehicles, including minimum investment amounts, which are stated in their respective Governing Documents for each Managed Vehicle. For Managed Vehicles with minimum investment amounts, the Governing Documents generally note that the general partner or company, as applicable, has the discretion to reduce or waive the minimum investment amount.

As a general matter, any Managed Vehicle client, including the Trust, is or would be managed in accordance with its investment objectives, strategies and guidelines and is not tailored to the individual needs of any particular investor and an investment in a Managed Vehicle does not, in and of itself, create an advisory relationship between the investor and the Manager. Therefore, investors must consider whether the Managed Vehicle meets their investment objectives and risk tolerance prior to investing in a Managed Vehicle.

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

Methods of Analysis and Investment Strategies

The Manager does not anticipate making new investments on behalf of the Trust. The Manager has previously invested in a broad spectrum of commercial real estate ("CRE") and real estate related assets on behalf of NorthStar I. As a general matter, the Manager will provide investment strategies consistent with the investment objectives and needs of each client. When providing investment advisory services, the Manager advises with respect to all phases of the real estate investment process, including identifying, originating, acquiring, managing, financing/refinancing and divesting of investments.

Leverage Strategy

The Manager does not anticipate entering into new financing arrangements or employing additional leverage on behalf of the Trust. The Manager has pursued a variety of financing arrangements in the past on behalf of NorthStar I. Such financing arrangements include securitization financing transactions, term and revolving corporate credit facilities, repurchase facilities, mortgage notes and other borrowings. The amount of borrowings may depend upon the nature and credit quality of a Client's assets, the structure of its financings and where possible, the Manager seeks to limit recourse borrowings.

Hedging

Accounts may be hedged using various derivative instruments, including currency and foreign exchange derivatives, interest rate swaps, caps, floors and other interest rate exchange contracts as well as engaging in short sales of securities or of futures contracts. The Manager does not use hedging for speculative purposes.

Material Risks

Risk of Loss

An investment in the Trust involve risks. There is no certainty of return with respect to any such investment. There is no guarantee that the Trust will achieve its goals, objectives or targeted returns (as applicable). Investors may lose all or a portion of the value of their investment and, as such, should not invest unless they can readily bear the consequences of such loss.

Below is a summary of certain risks associated with future investments in the Trust. Investors should refer to the risk factors in the Trust's Governing Documents, or other documents (as applicable) provided to, or made available to, prospective investors for a more complete description of the risks associated with the investment in the Trust, including the risks described in the Trust's public filings with the SEC, as applicable. The following risk factors do not purport to be a complete list or explanation of the risks involved in future investments in the Trust. These risk factors include certain risks the Manager believes to be material, significant or unusual and relate to particularly significant investment strategies or methods of analysis employed by the Manager.

General Risks

- *General Economic and Market Conditions.* Challenging economic and financial market conditions may result in an increase in the number of investments that result in losses, including delinquencies, non-performing assets and taking title to collateral and a decrease in the value of the property or other collateral which secures the Trust's investments, all of which could adversely affect their results of operations. The Trust may incur substantial losses and need to establish significant provision for losses or impairment. The Manager manages diversified portfolios of equity and debt investments. An economic slowdown or recession, in addition to other non-

economic factors such as an excess supply of properties, could have a material negative impact on the values of the investments it manages. Declining real estate values will reduce the value of owned properties, as well as the ability to refinance properties and use the value of existing properties to support the purchase or investment in additional properties. Slower than expected economic growth pressured by a strained labor market, along with overall financial uncertainty, could result in lower occupancy rates and lower lease rates across many property types and may create obstacles to achieve the Trust's business plans. A loss of title to the properties securing such borrowings could result from the inability to pay principal and interest on borrowings. CRE debt investments would be similarly impacted and the level of new loan originations would also likely decline. In addition, borrowers may be less likely to achieve their business plans and less able to pay principal and interest on CRE debt investments. Further, declining real estate values significantly increase the likelihood that losses could occur on the Trust's debt investments in the event of a default because the value of their collateral may be insufficient to cover costs. Any sustained period of increased payment delinquencies, taking title to collateral or losses could adversely affect the Trust's CRE investments as well as its ability to originate, sell and securitize loans, as applicable, which would significantly harm such the Trust's revenues, results of operations, financial conditions, business prospects and abilities to make distributions to their stockholders.

- *Liquidating Trust Risks.* The Unitholders of the Trust may receive less than expected or nothing from the liquidating trust.

The value of each liquidating trust unit, the actual amount of principal and interest payments the liquidating trust will receive with respect to the Retained Asset, the net proceeds from the sale, transfer or other disposition of the Retained Asset and the amounts to be distributed to holders of liquidating trust units are subject to various and significant uncertainties, many of which are beyond Manager's control, and which could cause actual results to differ materially from current expectations. The Retained Asset will be an interest in a loan. The liquidating trust's ability to make distributions to its Unitholders depends on the amount, if any, and timing of payments received with respect to, the loan underlying the Retained Asset, including net proceeds from any sale, transfer or other disposition of the Retained Asset, in each case in excess of the expenses and other obligations of the liquidating trust. The liquidating trust will have a term of three years, which may be extended under certain circumstances. If the liquidating trust cannot sell the Retained Asset at a price the trustee(s) of the liquidating trust believe represents fair value, the liquidating trust may hold the Retained Asset until maturity of the loan underlying the Retained Asset. The loan has an initial maturity date of May 9, 2019, but is subject to two extensions of one year each, subject to the satisfaction of certain conditions. While the loan is not presently in default, it is also possible that the borrower group will default on its obligations under the loan and that the liquidating trust will have to pursue enforcement of the loan obligations or negotiate a work-out with the borrower group, the timing of which could be prolonged. Accordingly, the three-year term of the liquidating trust may have to be extended, and the Manager cannot say with certainty at this time how long it will take before a final distribution is made. Although the Manager believes that principal and interest payments received with respect to the Retained Asset and proceeds of any sale, transfer or other disposition of the Retained Asset will ultimately lead to additional distributions to Unitholders, the Manager cannot assure Unitholders that the Trust will be able to collect significant payments or sell, transfer or otherwise dispose of the Retained Asset for value.

Subject to certain limited exceptions with regard to retirement accounts, the liquidating trust units are not transferable or assignable except by will, intestate succession or operation of law.

Until the Retained Asset is sold or matures, the Trust will have an obligation to continue to comply with the applicable reporting requirements of the Exchange Act, even if compliance with these reporting requirements is economically burdensome. In order to curtail expenses, NorthStar I intends to seek relief from the SEC from certain reporting requirements under the Exchange Act. NorthStar I anticipates that, if such relief is granted, the liquidating trust would continue to file an annual report under the cover of Form 10-K and current reports on Form 8-K to disclose material events relating to the liquidating trust,

along with any other reports that the SEC might require, but would discontinue filing quarterly reports on Form 10-Q. However, the SEC may not grant any such relief. If the SEC does not grant such relief, the liquidating trust would be obligated to continue complying with the applicable reporting requirements of the Exchange Act. Even if the SEC does grant the requested reporting relief, the liquidating trust expects to incur substantial expenses associated with such reporting obligations and other expenses associated with the conduct of its operations, including the management fee payable to the liquidating trust's advisor, costs of servicing the NorthStar I retained asset, and other matters. Any expenses the liquidating trust incurs will reduce the amount of distributions the liquidating trust is able to pay to its unitholders.

Current law is not clear with respect to the proper treatment for U.S. federal income tax purposes of the special distributions of cash and liquidating trust units, and counsel is not rendering an opinion regarding such treatment.

The proper U.S. federal income tax treatment of the special distributions of cash and, for NorthStar I stockholders, liquidating trust units is not entirely clear under current law, and counsel is not rendering an opinion regarding such treatment. Although NorthStar I and NorthStar Real Estate Income II, Inc. ("NorthStar II") intend to treat the distributions as separate from the NorthStar I merger and the NorthStar II merger, respectively, it is possible that the IRS could treat the distributions as part of the merger consideration paid to stockholders who receive the distributions. Under this characterization, a stockholder receiving such a distribution could be treated as recognizing capital gain in the relevant merger, equal to the lesser of: (i) the fair market value of any cash and, for NorthStar I stockholders, liquidating trust units received in such distribution; and (ii) the amount, if any, by which the fair market value of the cash and, for NorthStar I stockholders, liquidating trust units and the fair market value of the Company common stock received by the stockholder in the merger exceed such stockholder's tax basis in the shares of NorthStar I common stock or NorthStar II common stock surrendered in exchange therefor. NorthStar I and NorthStar II stockholders should consult with their tax advisor regarding the treatment of such distributions.

Holders of liquidating trust units will be required to report on their tax returns their respective shares of the income, gain, loss and deductions of the liquidating trust without regard to the amount, if any, of the distributions they receive from the liquidating trust. In addition, the liquidating trust may generate ordinary income and certain expenses that may not be deductible and capital losses that generally cannot offset ordinary income. NorthStar I stockholders should consult with their tax advisors regarding the consequences of holding liquidating trust units.

- *Litigation.* In the ordinary course of business, owners of real estate may be subject to litigation from time to time. The outcome of such proceedings may adversely affect the value of an investment and may continue without resolution for long periods of time.

In connection with such actions, the Trust may be obligated to bear defense, settlement, and other costs (which may be in excess of insurance coverage therefore provided by the Trust at its expense for such purposes), and the investment adviser of the Trust and others may be entitled to indemnification under, and subject to the terms of, the Trust's investment agreement and/or other agreements entered into by the Trust.

- *Risky and Illiquid Investments.* Real estate and related investments are generally risky and illiquid and there can be no assurance that investing in the Trust will be able to realize on any such investment in a timely manner. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on the investment's resale by the applicable client.
- *Operational Risks.* Many investments are subject to operational risks – risks that the internal processes and systems designed to operate a business, property or other entity safely and efficiently are in some fashion

inadequate or that the individuals tasked with managing such processes and systems fail to properly carry out their functions.

- *Joint Ventures.* The Trust may enter into joint ventures with third parties to make investments and/or make investments in partnerships or other co-ownership arrangements or participations. Such investments may involve risks not otherwise present with other methods of investment, including, for example, the following risks:
 - the joint venture partner in an investment could become insolvent or bankrupt;
 - fraud or other misconduct by the joint venture partners;
 - decision-making authority may be shared with joint venture partners regarding certain major decisions affecting the ownership of the joint venture and the joint venture property, such as the sale of the property or the making of additional capital contributions for the benefit of the property, which may prevent the Trust from taking actions that are opposed by the joint venture partner;
 - the joint venture partner may at any time have economic or business interests or goals that are or that become in conflict with the Trust's business interests or goals, including for example the operation of the properties;
 - the joint venture partner may be in a position to take action contrary to the Trust's instructions or requests or contrary to the Trust's policies or objectives; and
 - the terms of the joint ventures could restrict the Trust's ability to sell or transfer its interest to a third-party when it desires on advantageous terms, which could result in reduced liquidity.

Any of the above might subject the Trust to liabilities and thus reduce its returns on its investment with that joint venture partner. In addition, disagreements or disputes between the Trust and the joint venture partner could result in litigation, which could increase the Trust's expenses and potentially limit the time and effort its and the Manager's officers and directors are able to devote to the Trust's businesses.

- *The Manager Risk.* The Trust is also subject to the risk that the Manager's internal business structure, reputation or strategic initiatives will be disruptive to the services provided to the Trust.
- *Cyber Security Risk.* As the use of technologies, such as the internet, has become more common in conducting business, the Trust may be more susceptible to operational, information security, and related risks in connection with breaches in cyber security. Generally, a cyber-security failure may result from either intentional attacks or unintentional events and include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, causing the Trust to lose proprietary information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. A cyber security failure could cause the Trust and/or the Manager to become subject to regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial losses. Cyber security failures may involve third-party service providers, joint venture partners, and investments made by, or counterparties in transactions with, the Manager or the Trust. The Manager has established policies and procedures reasonably designed to reduce the risks associated with cyber security failures; however, there can be no assurance that these policies and procedures will prevent or mitigate the impact of cyber security failures.
- *Key Personnel Risk.* The Trust are subject to the risk that it will lose the services of key personnel. It may be difficult or disruptive for the Trust to replace the experience of these key personnel and the relationships they have developed with real estate professionals and financial institutions.

- *Environmental Risks.* As is the case with any holder of real estate related investments, the Trust could face substantial risk of loss from environmental claims based on environmental problems associated with their investments. The Trust owns a participation in a mortgage loan secured by real estate, and any environmental problems at the real estate could materially impair the value of the real estate. Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous substances released at the property, and may be held liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by such parties in connection with the contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. The owner or operator of a site may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the site. The Trust may experience environmental liability arising from conditions not known to them.

Real Estate-Related Risk

- *Real Estate Risk.* The Trust's investments in CRE are subject to risks typically associated with real estate. The value of real estate may be adversely affected by a number of risks, including, without limitation:
 - local, state, national or international economic conditions;
 - real estate conditions, such as an oversupply of or a reduction in demand for real estate space in an area;
 - tenant/operator mix and the success of the tenant/operator business;
 - property management decisions;
 - property location and conditions;
 - property operating costs, including insurance premiums, real estate taxes and maintenance costs;
 - the perceptions of the quality, convenience, attractiveness and safety of the properties;
 - branding, marketing and operational strategies;
 - competition from comparable properties;
 - the occupancy rate of, and the rental rates charged at, the properties;
 - the ability to collect on a timely basis all rent;
 - the effects of any bankruptcies or insolvencies;
 - the expense of leasing, renovation or construction;
 - changes in interest rates and in the availability, cost and terms of mortgage financing;
 - unknown liens being placed on the properties;
 - bad acts of third parties;

- the ability to refinance mortgage notes payable related to the real estate on favorable terms, if at all;
- changes in governmental rules, regulations and fiscal policies;
- tax implications;
- changes in laws, including laws that increase operating expenses or limit rents that may be charged;
- the impact of present or future environmental legislation and compliance with environmental laws, including costs of remediation and liabilities associated with environmental conditions affecting properties;
- cost of compliance with the Americans with Disabilities Act of 1990;
- adverse changes in governmental rules and fiscal policies;
- social unrest and civil disturbances;
- acts of nature, including earthquakes, hurricanes and other natural disasters;
- terrorism;
- the potential for uninsured or underinsured property losses;
- adverse changes in state and local laws, including zoning laws; and
- other factors which are beyond control.

The value of each property is affected significantly by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenses associated with properties (such as operating expenses and capital expenses) cannot be reduced when there is a reduction in income from the properties. These factors may have a material adverse effect on the value and return that the Trust can realize.

- *Casualty Losses; Uninsurable Losses.* For its debt investment, the Trust is subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance.

CRE Debt Risk

- *CRE Debt and Securities.* CRE debt investments are generally directly or indirectly secured by a lien on real property. The occurrence of a default on a CRE debt investment could result in the Trust acquiring ownership of the property. The Manager does not know whether the values of the properties ultimately securing CRE debt will remain at the levels existing on the dates of origination of these underlying mortgage loans. If the values of the properties drop, the risk will increase because of the lower value of the collateral and reduction in borrower equity associated with the related loans. In this manner, real estate values could impact the values of CRE debt investments. Therefore, CRE debt investments are subject to the risks typically associated with real estate.
- *Subordinate Debt Investments.* Certain of the Trust's investments may consist of loans or securities, or interests in pools of securities, that are subordinated or may be subordinated in right of payment and ranked junior to other securities issued by, or loans made to obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in priority to the Trust. After repaying the senior creditors, such obligor may not have any

remaining assets to repay its obligations to remaining investors. Where debt senior to the Trust's debt investment exists, the presence of inter-creditor arrangements may limit the Trust's abilities to amend its debt agreements, assign its debt, accept prepayments, and exercise remedies (through standstill periods) and control decisions made in bankruptcy proceedings relating to its borrowers. As a result, the Trust may not recover some or all of its investment. In addition, real properties with subordinate debt may have higher loan-to-value ratios than conventional debt, resulting in less equity in the real property and increasing the risk of loss of principal and interest.

- *Credit Spread Risk.* The Trust's investments in CRE loans are subject to changes in credit spreads. When credit spreads widen, the economic value of such investments decrease. Even though such an investment may be performing in accordance with its terms and the underlying collateral has not changed, the economic value of the investment may be negatively impacted by the incremental interest foregone from the widened credit spread.
- *Market Volatility and Due Diligence Risk.* Periods of market volatility and lack of liquidity may make the valuation process pertaining to certain of the Trust's assets difficult, particularly any CMBS assets for which there was limited market activity. The Manager's estimate of the value of these investments will be primarily based on active issuances and the secondary trading market of such securities as compiled and reported by independent pricing agencies. The Manager's estimate of fair value, which will be based on the notion of orderly market transactions, requires significant judgment and consideration of other indicators of value such as current interest rates, relevant market indices, broker quotes, expected cash flow and other relevant market data as appropriate. The Manager's estimates could be wrong and there is a heightened risk of this during challenging and volatile market environments. The amount that the Trust could obtain if the Manager were forced to liquidate securities investments into the current market could be materially different than management's best estimate of fair value.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

The Manager is an indirect subsidiary of Colony Capital. For example, an affiliate of Colony Capital holds the Senior Participation interest in the mortgage loan in which the Trust holds junior participation interest. The affiliation between the Manager and Colony Capital may create potential conflicts of interest for the Manager, including with respect to instances where the investment strategy of Colony Capital's balance sheet overlaps with the investment strategies of the Managed Vehicles. The Manager has implemented policies and procedures to mitigate or avoid potential conflicts of interest with Colony Capital.

The Manager is affiliated with the Affiliated Advisers, which are indirect subsidiaries of Colony Capital and registered investment advisers. The advisory businesses of the Affiliated Advisers consists of advising Managed Funds, Managed REITs, and closed-end management investment companies registered under the Investment Company Act. The Manager may share investment personnel and resources with the Affiliated Advisers and affiliates of Colony Capital, and will devote such time as shall be necessary to conduct the business affairs of the Trust in an appropriate manner. Personnel of the Manager will accordingly work on several projects at any time and, therefore, conflicts may arise in the allocation of personnel and other management resources. The Manager and its affiliates are not required to manage any one client as its sole and exclusive function, and the Manager and its affiliates, including Colony Capital, and their respective agents, officers, directors and personnel may engage in or possess any interests in business ventures and may generally engage in other activities independently or with others, including the rendering of advice or services of any kind to other investors and the making or management of other investments or other investment clients. In some cases, the Manager or its affiliates may have business arrangements with related persons/companies that are material to its advisory business or to the Trust. In some cases, these business arrangements may create a potential conflict of interest, or appearance of a conflict of interest between

the Manager and the Trust. The businesses of the Affiliated Advisers are not covered under this Brochure, and more information about such advisory businesses are available in the Form ADV filings for those firms.

The Manager receives reimbursements from affiliated entities to provide accounting and other services to the Trust and to manage the Trust's assets. The Manager may have incentives to select the services of affiliated entities or entities involved in strategic relationships, even if such services could be provided as well by other entities. The Trust is also obligated, subject to certain limitations, to reimburse the Manager for certain costs incurred by the Manager or its affiliates, such as personnel and other overhead expenses.

The Manager's investment professionals devote time to the management of multiple Managed Vehicles, which may impact allocations of management resources.

The Manager may recommend that the Trust engage in transactions with, other Managed Vehicles or affiliates of Colony Capital. The Manager has an incentive to favor investments in or between, or corporate combinations, reorganizations or other transactions between or among, such entities that may increase the Manager's overall remuneration.

Item 11: Code Of Ethics, Participation Or Interest In Client Transactions And Personal Trading

Code of Ethics

The Manager has adopted a Joint Code of Ethics (the "Code") that applies to all of the Manager's personnel. This Code describes the standard of conduct that the Manager requires of all of its personnel and describes certain restrictions on activities such as personal trading, receipt of material, non-public information, and engaging in outside business activities. Compliance with the Code is a condition of employment for all of the Manager's personnel, and a serious violation of the Code or its related policies may result in serious reprimand, up to and including dismissal. Certain key provisions of the Code are summarized below. The Manager will provide a copy of the Code to any client or prospective client upon request.

Personal Trading

Personnel considered "access persons" within the meaning of Rule 204A-1 under the Advisers Act may purchase and sell for their own accounts the same securities purchased or sold on behalf of the Trust. However, given the nature and size of the real estate investments made on behalf of the Trust, such personal trading activity is not expected to be likely. Notwithstanding the probability of such activity, because the Code permits personnel to invest in the same securities as the Trust, there is a possibility that personnel might benefit from market activity by the Trust in a security or other investment held by an employee. To mitigate this possible conflict of interest and others that may arise, the Manager has established policies requiring "access persons" to obtain pre-clearance before investing in certain reportable securities such as initial public offerings and private placements (including private equity fund and hedge fund investments). In addition, the Manager monitors for conflicts of interest on a periodic basis and will not allow any of its "access persons" to buy or sell securities for their own accounts at or about the same time that the Manager buys or sells securities or other investments for the Trust if the Manager feels that there is a possibility that the personal trade would benefit from the Manager's investment activities.

All personnel of the Manager and the Affiliated Advisers are required to annually certify that they have complied with the Code and the Manager's access persons are required to make annual reports regarding their personal securities account holdings and quarterly reports regarding their personal securities trading activity.

Participation or Interest in Client Transactions

The Manager's personnel must obtain prior permission of the CCO or designee for certain transactions that appear to pose a conflict of interest or otherwise appear improper. In particular, all personnel of the Manager must have written pre-clearance for all transactions involving initial public offerings and private placements before completing the transactions. The Manager and the Affiliated Advisers maintain one or more lists of restricted securities in which the Manager or an Affiliated Adviser may have material non-public information. All personnel of the Manager are prohibited from trading in issuers on the restricted list unless specifically approved by the CCO or designee.

Gifts and Entertainment

The Manager has policies in place governing the types and value of gifts and forms of entertainment that its personnel may accept from broker-dealers, vendors, current or prospective clients.

Cross-Trades and Principal Transactions

From time to time the Manager may execute cross-trades among the Trust. The Manager only will execute cross-trades between client accounts when such a transaction is reasonably expected to be advantageous to both participants. Any such transactions must be in accordance with applicable law, Governing Documents and the Manager's internal policies and procedures. The Manager may, in certain instances, receive a fee in connection with cross trades among the Trust. If a fee is charged in connection with a cross-trade, the Manager provides information on the fee related to the cross-trade to the board of directors/trustees of the applicable client for approval.

The Manager may also from time to time execute principal trades between the Trust and the balance sheet of Colony Capital, the Manager's parent company. The Manager may also be considered to be engaging in a principal transaction if it were to enter into a transaction between the Trust and another client advised by the Manager or an affiliate or Colony Capital. In cases where the Manager would be deemed to be engaging in a principal transaction, the Manager will disclose to the Trust the capacity in which it or an affiliate is acting and obtain the Trust's consent before the completion of each transaction. Principal transactions also create potential conflicts of interest, including conflicts related to pricing and execution costs of the transaction. The Manager will take steps to manage or avoid conflicts of interest when engaging in such transactions in accordance with applicable law.

Item 12: Brokerage Practices

Transaction Execution and Broker-Dealer Selection

The Manager seeks to minimize the cost and expense of investment transactions effected on behalf of the Trust while also seeking to achieve the most efficient structure of such investments, taking into account, among other things, tax, regulatory and client-specific considerations. These costs and expenses may vary, and transactions may be effected differently for one client than another, as a result of various factors, including, without limitation, the location of a client, the location and nature of the particular investment involved, and other client-specific considerations. The Manager may aggregate assets among the Trust in connection with a portfolio sale in order to seek best execution for each client. In such instances, the applicable client shares transaction expenses on a pro-rata basis.

The Manager may use unaffiliated brokers, which are selected on the basis of: (i) the reasonableness of such brokers' commissions relative to others offering similar services; and (ii) the ability of such brokers to obtain best execution. Not all portfolio transactions require or involve a broker-dealer. When it is deemed necessary or appropriate to involve a broker-dealer in portfolio transactions for the Trust, such transactions will be allocated to brokers and dealers on the basis of the Manager's best execution policies. The factors considered in selecting and approving brokers-dealers that may be used to execute trades for the Trust's accounts include, but are not limited to: (i) the reasonableness of the broker-dealer's commissions relative to others offering similar services; (ii) the ability of such broker-dealer to

execute a transaction efficiently and appropriately; (iii) the broker-dealer's general expertise and background; (iv) the type and size of the transaction involved; (v) the stability or solvency of the service provider or counterparty; (vi) settlement capabilities; (vii) time required to complete the role sought; and (viii) research services or any arrangements relating to overall performance in the best interest of the client.

Manager accepts only proprietary research from the brokers and does not enter into any formal soft dollar arrangements whereby it receives research or any other benefit from third parties. Research services received from brokers and dealers are supplemental to the Manager's own research effort. To the best of the Manager's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Manager does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services. Manager's acceptance of research from brokers is done in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Allocation Policy

The Manager will allocate investment opportunities that may be suitable for the Trust, Colony Capital and any Managed Vehicle in accordance with Colony Capital's investment allocation policy. The investment allocation policy, described in further detail below, seeks to ensure that investment opportunities are allocated in a fair and equitable manner over time, consistent with the Manager's fiduciary duty to the Trust and in a manner that is consistent with each of its client's particular characteristics, including their investment objectives, restrictions and risk profile. Generally, as a fiduciary, the Manager is prohibited from making investment allocation decisions solely based on any of the following considerations, which include but are not limited to: (i) unduly favoring one client (or group of clients) at the expense of another, including any proprietary or personal accounts of its associated persons or affiliates of the Manager; (ii) generating higher fees paid by one client (or group of clients) over another or to produce greater performance compensation to the Manager; (iii) compensating a client (or group of clients) for past services or benefits rendered to the Manager or to induce future services or benefits to be rendered to the Manager; and (iv) managing or equalizing investment performance among different clients (or group of clients).

When making investment allocation decisions regarding a suitable investment for one or more clients, the Manager will take into account, without limitation: (i) investment objectives, dedicated mandates, strategy and criteria; (ii) current and future cash requirements of the investment and the client; (iii) the effect of the investment on the diversification of the portfolio, including by geography, size of investment, type of investment and risk of investment; (iv) leverage policy and the availability of financing for the investment by each client; (v) anticipated cash flow of the investment to be acquired; (vi) income tax effects of the investment; (vii) the size of the investment; (viii) the amount of funds available for investment; (ix) ramp-up or draw-down periods; (x) cost of capital; (xi) risk return profiles; (xii) targeted distribution rates; (xiii) anticipated future pipeline of suitable investments; (xiv) the expected holding period of the investment and the remaining term of the client, if applicable; (xv) legal, regulatory or tax considerations, including any conditions of an exemptive order; (xvi) affiliate and/or related party considerations; and (xvii) whether a client has other sources of investment opportunities outside of the Manager. If it is determined that an investment is most suitable for a particular client, the investment will be allocated to such client. If it is determined that an investment is equally suitable for two or more clients, then the Manager may allocate the investment among such clients on a rotational basis. In general, a rotational allocation methodology means that if a client has been previously allocated an investment as a result of the rotational process, it may be skipped in the rotation until all other clients for which a particular investment is equally suitable have been allocated an investment. Subject to regulatory restrictions, SEC guidance and any exemptive orders obtained by one or more Managed Vehicles (as applicable), the Manager may deem it appropriate for the Trust and one or more other Managed Vehicles to co-invest in an investment opportunity (based on available capital, among other relevant factors, to the extent required). The decision of how any potential investment should be allocated among clients in many cases may be a matter of highly subjective judgment, which will be made by the Manager in its sole discretion; such

transactions are not required to be presented to the Trust's board of trustees for approval, and there can be no assurance that any conflicts will be resolved in the Trust's favor.

The Manager and/or the Affiliated Advisers may revise the investment allocation policy and may in the future change then-existing, or adopt additional, conflicts of interest resolution policies and procedures designed to support the fair and equitable allocation of investments and to prevent the preferential allocation of investment opportunities among entities with overlapping investment objectives.

Trade Aggregation Policy

There may be occasions when the Manager decides to purchase or sell the same security or financial instrument for several Clients at approximately the same time. Manager may (but is not obligated to) combine or “bunch” such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. Manager is not obligated to include any Client in an aggregated trade. While Manager may affect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for its clients,

Manager will not favor any Client over any other Client on an overall, long-term basis. Each Client that participates in an aggregated order will participate at the average price, with transaction costs shared pro rata based on each Client's participation in the transaction.

The aggregation of orders could lead to a conflict of interest in the event an order cannot be entirely fulfilled and the Manager is required to determine which accounts should receive executed shares and in what order. Manager will generally endeavor to aggregate and allocate orders in a manner designed to ensure that no particular Client or account is favored and that participating Clients are treated in a fair and equitable manner over time.

Manager will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades; rather, to the limited extent it is applicable, commissions will be charged at a rate as though the trades had not been aggregated.

Manager will act in a manner it believes is fair and equitable for its clients as a group when bunching and price averaging.

Item 13: Review of Accounts

The Manager utilizes a team that is responsible for performance monitoring and reporting, financial risk management and all non-real estate aspects such as corporate, legal, tax, accounting, financing, hedging and cash distribution. The team also monitors the due diligence process applicable to potential investments, transaction structuring, acquisition budgets and transaction documentation. Additionally, the Manager has investment committee(s) that approves each investment (or other significant investment-related or corporate activity) made on behalf of the Trust and the allocation of those investments, as discussed in Item 12.

Currently, the Trust is seeking no-action relief from the SEC from certain reporting requirements under the Exchange Act. The Trust anticipates that, if such relief is granted, the Trust will file an annual report on Form 10-K and current reports on Form 8-K to disclose material events relating to the Trust, but would not file quarterly reports on Form 10-Q. In addition, if such relief is granted, the Trust expects that its financial statements will not be audited, but will be prepared on a liquidating basis in accordance with generally accepted accounting principles. The Manager may provide certain investors with information on a more frequent and detailed basis if agreed to by the Manager. The Manager may advise accounts in the future that do not publicly file quarterly and annual financial statements.

Item 14: Client Referrals And Other Compensation

The Manager generally does not engage any parties to solicit clients, nor does it receive compensation from sources other than its clients for providing advice to the Trust; however, the Manager may enter into arrangements with, and compensate solicitors for client referral activities. These solicitation arrangements will be fully disclosed to clients and will comply with the requirements of Rule 206(4)-3 of the Advisers Act.

Item 15: Custody

In connection with the management of investments for the Trust, the Manager may have, or may be deemed to have, custody of the Trust's funds or securities. Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), which defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities (such as through fee deductions).

The Manager expects that each client for which it is deemed to have custody will: (i) be audited at least annually by an independent public accountant; and (ii) distribute its audited financial statements prepared in accordance with generally accepted accounting principles to its investors within 120 days of its fiscal year-end. Investors should contact the Manager if they fail to receive such financials timely.

Item 16: Investment Discretion

As a general rule, the Manager receives discretionary investment authority from each client at the outset of an advisory relationship. Depending on the terms of the Trust's asset management or advisory agreement, the Manager's authority may include the ability to select brokers and dealers through which to execute transactions on behalf of the relevant client, and select the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, the Manager is guided by the mandate selected by the client and any investment guidelines or restrictions imposed by the client. The Manager generally is not required to provide notice to, consult with, or seek the consent of the Trust prior to engaging in transactions that fall within the Trust's approved investment guidelines, if any.

Item 17: Voting Client Securities

Due to the nature of the Manager's investment programs, the Manager does not ordinarily receive proxy voting proposals with respect to listed equity securities. However, the Manager may, from time to time, receive amendments, consents or resolutions applicable to investments held by the Trust (collectively, "proxies") and is generally granted authority to vote and consent on such matters on behalf of the Trust. In addition, the Manager's portfolio managers and/or investment management teams are required to remain aware of any proxy that requires a vote, consent or election. Further, the Manager's portfolio managers and/or investment management teams determine the appropriate manner in which such proxy shall be voted, including circumstances in which it is most appropriate to abstain from voting, and maintain documentation of how each proxy was voted and provide such documentation to the CCO or designee periodically.

The Manager seeks to vote the Trust's proxies in the best interest of that client and in a manner consistent with its fiduciary duties and has adopted proxy voting policies and procedures designed to ensure that proxies are properly voted and that any conflicts of interest are addressed appropriately. Due to the difficulty of predicting and identifying material conflicts, the Manager relies on its personnel, such as portfolio managers and/or investment management teams, to notify the CCO or designee of material conflicts that may impair the Manager's ability to vote proxies appropriately. The Manager may have conflicts of interest, for example, where it has a substantial business relationship with a company and a failure to vote in favor of a company management could harm the Manager's relationship with company management. If a material conflict exists, the Chief Compliance Officer or designee will take such steps as

he or she deems necessary in order to determine how to vote the proxy in the best interests of the client, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment. In each instance, when exercising its voting discretion, the Manager seeks to avoid any direct or indirect conflict of interest between the Trust and its voting decision. One client's best interests with respect to a proxy vote may diverge from the interests of other the Trust, joint venture partners, the Manager and/or the Manager's affiliates. This may result in the Manager casting votes for one client that differs from votes cast for other the Trust or in the Manager taking other steps to mitigate any conflicts that may arise. In no event, however, will the Manager be obligated to vote, or refrain from voting its own securities, securities held by another client or securities held by an affiliate or joint venture partner in a manner that is inconsistent with the Manager's view as to the best interests of such holders, simply because a client has a differing interest.

A copy of the Manager's proxy voting policy and information with respect to any specific proxy votes submitted on behalf of the Trust may be obtained by contacting our CCO.

Item 18: Financial Information

Not applicable.

PART 2B OF FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER
REGISTRATION

BROCHURE SUPPLEMENT

FOR

CNI NSI ADVISORS, LLC

Supervised Persons: Thomas J. Barrack, Jr.
Mark M. Hedstrom
Darren J. Tangen

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Date of Brochure: March 27, 2019

This brochure supplement provides information about certain CNI NSI Advisors, LLC (“NSI”) supervised persons that supplements NSI’s accompanying Form ADV brochure. You should have received a copy of that brochure. Please contact us at 310-282-8820 if you did not receive NSI’s brochure or if you have any questions about the contents of this supplement.

Thomas J. Barrack, Jr. Biographical Information

Educational Background and Business Experience

Thomas J. Barrack, Jr. (born 1947) is the Chairman of CNI NSI Advisors, LLC (“NSI”) and is based in its Los Angeles, California headquarters. Mr. Barrack currently serves as Executive Chairman and Chief Executive Officer of Colony Capital, Inc. (NYSE: CLNY). Prior to founding the Colony Capital business in 1991, Mr. Barrack was a Principal with the Robert M. Bass Group, the principal investment vehicle of the Fort Worth, Texas investor Robert M. Bass. Prior to joining the Robert M. Bass Group, Mr. Barrack also served in the Reagan administration as Deputy Undersecretary of the Department of the Interior.

From January 2016 through June 2017, Mr. Barrack served as co-chairman of the board of trustees of Colony Starwood Homes (NYSE: SFR), a leading single-family rental real estate investment trust. From January 2014 to May 2016, Mr. Barrack has served on the board of directors of Carrefour S.A., a French multinational retailer. Since June 2010, Mr. Barrack has served on the board of directors of First Republic Bank, a full service bank and wealth management firm.

From January 2006 to April 2013, Mr. Barrack served on the public board of directors of Accor, S.A., a major global hotel group listed on Euronext Paris. Mr. Barrack has also served on the public board of Challenger Financial Services Group Limited, a diversified financial services organization listed on the Australian Securities Exchange from November 2007 to October 2010. From August 1994 to September 2007, Mr. Barrack served on the board of Continental Airlines, Inc., one of the largest passenger airlines in the United States, including as a member of its Corporate Governance Committee, Executive Committee and Human Resources Committee.

Mr. Barrack received a Bachelor of Arts in 1969 from the University of Southern California. He attended law school at the University of San Diego and the University of Southern California, where he was an editor of the law review, and received a Juris Doctor in 1972 from the University of San Diego. Mr. Barrack is the recipient of an Honorary Doctorate of Jurisprudence degree from Pepperdine University and a Trustee at the University of Southern California.

Disciplinary information

Mr. Barrack has not been involved in any legal or disciplinary events that would be material to a client’s evaluation of Mr. Barrack or of NSI.

Other Business Activities

All other non-investment business activities of Mr. Barrack represent less than 10% of his time and income.

Additional Compensation

Not applicable.

Supervision

As Colony Capital's Executive Chairman and Chief Executive Officer, Mr. Barrack reports to the board of directors of Colony Capital and to shareholders of the firm. Although Mr. Barrack does not have a person who acts as his direct supervisor, he and other senior personnel are subject to the compliance policies and procedures adopted by NSI and are supervised accordingly.

Mark M. Hedstrom Biographical Information

Educational Background and Business Experience

Mark M. Hedstrom (born 1958) is Vice President of CNI NSI Advisors, LLC (“NSI”). Mr. Hedstrom currently serves as Executive Vice President, Chief Financial Officer and Chief Operating Officer of Colony Capital, Inc. (NYSE: CLNY).

Prior to the combination of Colony Capital, LLC and Colony Financial, Inc., Mr. Hedstrom was the global Chief Financial Officer for Colony Capital, LLC. In that role he was responsible for management of the financial and operating aspects of its funds management business which included oversight of Colony Capital's financial, human resources, information technology, risk management and investor reporting functions.

Prior to joining the Colony Capital business in 1993, Mr. Hedstrom held senior positions with Koll International and Castle Pines Land Co. Mr. Hedstrom also spent five years with Ernst & Young, where he was a Senior Manager.

Mr. Hedstrom is a Certified Public Accountant (license inactive) and received a Bachelor of Science in Accounting from the University of Colorado.

Disciplinary information

Mr. Hedstrom has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Hedstrom or of NSI.

Other Business Activities

All other non-investment business activities of Mr. Hedstrom represent less than 10% of his time and income.

Additional Compensation

Not applicable.

Supervision

As Colony Capital's Chief Financial Officer and Chief Operating Officer, Mr. Hedstrom reports to Mr. Barrack, Colony Capital's Executive Chairman and Chief Executive Officer. Additionally, he and other senior personnel are subject to the compliance policies and procedures adopted by NSI and are supervised accordingly.

Darren J. Tangen Biographical Information

Educational Background and Business Experience

Darren J. Tangen (born 1971) is Vice President and Treasurer of CNI NSI Advisors, LLC (“NSI”). Mr. Tangen currently serves as President of Colony Capital, Inc. (NYSE: CLNY). Since 2002, Mr. Tangen has held various senior investment related roles at Colony Capital, Inc., including Executive Director and Chief Financial Officer.

Mr. Tangen was one of the key executives (Chief Financial Officer and Chief Operating Officer) responsible for Colony Financial, Inc. having taken the company public in 2009 and leading it through its successful combination with Colony Capital, LLC in 2015. Prior to joining Colony Capital in 2002, Mr. Tangen held positions at Credit Suisse and Colliers International.

Mr. Tangen received his Bachelor of Commerce from McGill University and his Master of Business Administration in Finance and Real Estate at The Wharton School, University of Pennsylvania where he was recognized as a Palmer Scholar.

Disciplinary information

Mr. Tangen has not been involved in any legal or disciplinary events that would be material to a client’s evaluation of Mr. Tangen or of NSI.

Other Business Activities

All other non-investment business activities of Mr. Tangen represent less than 10% of his time and income.

Additional Compensation

Not applicable.

Supervision

As Colony Capital's President, Mr. Tangen reports to Mr. Barrack, Colony Capital’s Executive Chairman and Chief Executive Officer. Additionally, he and other senior personnel are subject to the compliance policies and procedures adopted by NSI and are supervised accordingly.