

Columbia Pacific Advisors, LLC

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Firm Brochure (Part 2A of Form ADV)

March 27, 2019

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.

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

Columbia Pacific Advisors, LLC is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

BROCHURE DISCLOSURE

In no event should this brochure be considered as an offer of interests, or as a solicitation of offers to purchase interests, in any of our Private Fund clients (as defined herein), 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 brochure. Rather, this brochure is intended solely to provide information about Columbia Pacific Advisors, LLC for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and, as such, responds to relevant regulatory requirements thereunder. The information contained herein may differ from the more detailed information contained in the private placement memorandum, limited partnership agreement or other governing documents of the Private Funds (the "Offering Documents") that are provided to investors, as such may be amended from time to time. To the extent that there is any conflict between any discussion in this brochure and the Offering Documents provided to investors, the Offering Documents provided to such investors shall govern.

Item 2 – Material Changes

This brochure contains the following material updates to our brochure dated March 28, 2018:

- Item 12 has been revised to remove the discussion with respect to soft dollar arrangements. Columbia Pacific Advisors, LLC no longer uses soft dollars.

Certain other non-material changes have been made to this brochure that are not discussed in this Item 2. 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%)

DANIEL R. BATY (controls at least 10%)

QUARTERMASTER, LLC (a limited liability company controlled by Stanley L. Baty that controls at least 10%)

STANLEY L. BATY (controls at least 10%)

Private Funds

Columbia provides discretionary investment management services to various pooled investment vehicles and acts as the general partner or investment manager of such pooled investment vehicles (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”). Capitalized terms contained in this brochure but not otherwise defined shall have the meanings assigned to them in the Offering Documents.

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.

Separately Managed Accounts

In addition, Columbia also provides investment advice to a high net worth family limited liability company (the “LLC SMA”) and several high net worth individuals’ separately managed accounts (collectively, the “Individual SMAs”). Investment advice provided to separately managed account clients are tailored to their individual needs, and their assets are managed in accordance with the investment management agreement entered into by and between Columbia and each separately managed account client. Separately managed account clients may impose restrictions on investing in certain securities or types of securities.

Assets Under Management¹

As of December 31, 2018, our assets under management² were approximately \$2,885,600,000; roughly \$2,830,800,000 of which were managed on a discretionary basis and approximately \$54,800,000 were managed on a non-discretionary basis.

Item 5 – Fees and Compensation

Private Funds

The Limited Partners or Members in the Private Funds (referred to herein as “Investors”) typically pay Columbia management fees calculated at an annual rate of between 0.5% and 2% of the net asset value of the account or the capital commitments of each Investor. Management fees are generally payable in advance and on a quarterly basis, directly from each Investor’s capital account in the Private Fund, on the first day of the quarter. However, certain Private Funds charge a monthly management fee, in advance. Columbia may, in its sole discretion, waive or reduce the management fees with respect to any Investor of the Private Funds.

¹ The method used for calculating “assets under management” is different from the method for computing “regulatory assets under management” under Item 5.F.(2) in Part 1A of Form ADV.

² Amounts representing our assets under management have been rounded down to the nearest \$100,000

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 described under Item 6 hereof.

Separately Managed Accounts

Columbia charges the LLC SMA a fixed annual management fee, billed quarterly in arrears. The Individual SMAs generally pay a negotiated monthly fee that generally ranges from 0.75% to 1.5 % of the value of assets as of the last day of the preceding month. The fees charged to these clients are more specifically set forth in the advisory agreement between Columbia and the separately managed account client.

General information

Columbia's fees are in addition to, and are exclusive of, brokerage commissions, transaction fees, and other related costs and expenses. Clients may also incur certain charges imposed by custodians, brokers, and other third parties such as, but not limited to, fees charged by third party 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. Each Private Fund is also responsible for its operating expenses, including legal, auditing, consulting and financing fees, fees, costs and expenses related to the purchase, restructuring, recapitalization and sale of investments, expenses incurred in the operations and development of investments, travel and entertainments expenses incurred by any person responsible for matters relating to the Private Fund, expenses associated with preparation of its financial statements, reports to limited partners and tax returns, as well as other administrative expenses of the Private Fund. Exchange traded funds also charge internal management fees, which are disclosed in more detail in each exchange traded fund's prospectus. Such charges, fees and commissions are exclusive of, and are in addition to, the fees charged by Columbia, and Columbia does not receive any portion of these commissions, fees and costs. Please see Item 12 for a more detailed discussion regarding the factors that Columbia considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The discussion above and under Item 6 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 6 – Performance-Based Fees and Side-By-Side Management

Private Funds

Per the terms of its Offering Documents, Investors in the Private Funds are generally subject to, in addition to the management fee set forth under Item 5 above, the following performance-based incentive allocations and/or carried interest payable to either to Columbia, or to an affiliated General Partner of the relevant Private Fund:

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

Separately Managed Accounts

Columbia does not charge the LLC SMA any incentive fees; however, such LLC SMA is charged, in addition to the management fee set forth under Item 5 above, incentive fees by the Private Funds in which its assets may be invested by Columbia.

In addition to the management fee set forth under Item 5 above, Columbia charges the Individual SMAs an annual incentive fee generally equal to 10% of each managed account's aggregate net profits as of end of the fiscal year, provided that any prior net losses previously allocated to the Client must be offset by allocations of net profits before the incentive fee may be made with respect to such managed account. The specific manner in which such performance fees are calculated and charged are set forth in the investment management agreement entered into by and between Columbia and each Individual SMA.

Conflicts arising from Performance Based Fee Arrangements and Side-by-Side Management

Incentive fee 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. Further, depending on the type of fee arrangement with the client, Columbia could face a conflict of interest in allocating assets among the various investment strategies. For example, when one client pays a higher incentive fee/carried interest, Columbia faces a conflict of interest when allocating clients' assets because it may have an incentive to allocate investments to those clients from whom Columbia may receive a higher incentive fee. In addition, Columbia may be incentivized to allocate more resources to its clients who pay an incentive fee over those clients from whom Columbia does not receive such a fee.

Columbia is aware of these conflicts and as such, has developed policies and procedures that it believes are reasonably designed to appropriately identify, and manage the conflicts of interest described above. These policies and procedures require that, among other things, each of Columbia's employees always act in good faith and to treat all clients in a fair and equitable manner, without regard to the fee arrangements. Further, Investors in the Private Funds are provided with more detailed 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 conflicts of interests and risks associated with their investment in the Private Funds.

Item 7 – Types of Clients

Columbia provides investment advisory services to the Private Funds, the LLC SMA and the Individual SMAs.

Columbia does not impose any minimum requirements on our Private Fund clients. The Private Funds, however, generally impose minimum investment requirements from Investors (unless such minimums are waived by Columbia) and require them to satisfy certain suitability standards.

Columbia also does not impose any minimum investment requirements on the LLC SMA nor to the Individual SMAs 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 Private Fund, Columbia has authority and responsibility over the investment program of each Private Fund. The investment strategies currently employed by Columbia through the various Private Funds are:

1. Opportunistic Strategy;
2. Real Estate Investment Strategy;
3. Real Estate Lending Strategy; and
4. Hedged Strategy.

The following is a general discussion of Columbia's various investment strategies. The discussion below is a summary only and should not be deemed to be a full discussion of the investment strategies of the various Private Funds. A more detailed description of the investment strategy and objectives of each Private Fund is contained in the relevant Private Fund's Offering Documents. We may form other private funds in the future that employ strategies that are different from those discussed below.

OPPORTUNISTIC STRATEGY

The investment objective of the funds employing the Opportunistic Strategy is generally, to generate positive returns in all markets through a diversified portfolio of significant investments that we believe will generate superior risk adjusted returns. These funds seek to invest across multiple asset classes, generally through direct investments. Direct investments will be made in assets in which our principals have expertise. Funds employing an Opportunistic Strategy are also permitted to provide a range of debt and equity financing solutions to growth stage companies. Investments within this class can be both debt and equity, and can also be made in private and/or public companies. Potential asset classes include, but are not limited to; real estate, private equity, public equity, debt instruments, distressed debt, and special situation lending.

The funds employing an Opportunistic Strategy are permitted 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 Investor. These funds can trade in derivative instruments and may trade on margin or borrow funds in order to employ leverage. Columbia reserves the full discretion to invest the assets of these funds in any way Columbia believes may be in the best interests of the fund and its Investors, provided that such investments are consistent with the relevant Private Fund's overall investment objective. If determined to be consistent with its investment objectives, these funds may also guarantee certain loans obtained by the portfolio companies in which it and/or some of Columbia's other Private Fund clients invest. The funds employing an Opportunistic Strategy may be compensated for such guarantees, the terms of which are negotiated between Columbia and each borrower.

REAL ESTATE INVESTMENT STRATEGIES

The investment objectives of the various Private Funds employing a Real Estate Investment Strategy include, but are not limited to:

1. The acquisition of interests in corporations, partnerships, limited liability companies, or other legal entities whose primary business is to acquire, develop, construct, own, operate, sell, lease, sublease, finance, or otherwise deal with real estate. Investments may include, but will not be limited to; hospitality, industrial, office, multi-family, self-storage, retail and senior housing facilities (including independent living, assisted living and skilled nursing) in the United States, Canada, United Kingdom and the European Union;
2. The development, building, acquisition, holding, selling, maintenance, ownership, management, operation, financing, refinancing, repositioning, pledging, hypothecating, hedging, exchange of, and otherwise dealing in, real estate assets, including senior housing assets;
3. The acquisition of direct or indirect equity interests in, and redeveloping, maintaining and operating senior housing and health care facilities, including independent living, assisted living, memory care and skilled nursing facilities. Columbia may, on behalf of the Private Funds, pursue investment opportunities which are underwritten to include both income and capital appreciation and to afford the funds the opportunity to add value, including for example through redevelopment, capital expenditure and/or improved property leasing management; and/or
4. Establishing special purpose vehicles that will (a) construct, develop, manage, finance, lease, operate, maintain, and otherwise invest in a specific (freestanding) property, along with any other related development on the property, and otherwise hold and operate the property for investment purposes until disposition, and (b) conduct such other activities with respect to, and otherwise realize and optimize the

economic return from the property and any related assets the special purpose vehicle may acquire as deemed appropriate for carrying out the foregoing.

Certain Private Funds employing a Real Estate Investment Strategy have similar (although not identical) investment objectives in that these funds focus on investments in real estate. In addition, these funds may co-invest in a particular portfolio company. This results in a conflict of interest on behalf of Columbia and/or its supervised persons in that we may have an incentive to provide preferential treatment in terms of time, resources, and investment opportunities to the fund that pays higher fees. To mitigate such conflict, Columbia has established policies and procedures relating to the allocation of investment opportunities among funds with similar investment objectives. These policies and procedures state that investment opportunities shall be allocated among all clients fairly, to the extent suitable and practical, and in a manner consistent with each client's applicable investment strategy, over a period of time. Investors in the Private Funds are advised that Columbia will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because it purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Private Fund.

REAL ESTATE LENDING STRATEGIES

The investment objective of the various Private Funds employing a Real Estate Lending Strategy include, but is not limited to:

1. Providing short to medium term real estate secured loans and investing in other secured loans that we deem to be high quality, at what Columbia (as general partner or investment manager) believes to be a discount to fair value. These funds intend to create a portfolio of loans with strong collateral profiles diversified both geographically and by product type. The funds using this strategy intend 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;
2. Making indirect investments in certain Jersey Property Unit Trusts, wholly-owned special purpose entities or other investment entities that own, or are intended to own, real property assets in the United Kingdom. Generally, these real property assets are or will be subject to long-term ground leases; and/or
3. Making investments in distressed senior housing and healthcare real estate and related distressed investments such as mortgage-backed securities, bonds, warrants and mezzanine debt.

HEDGED STRATEGIES

The investment objective of the Private Funds employing the Hedged Strategy is to produce positive returns and to seek to outperform major U.S. equity indices through market cycles. The funds using this strategy seek to achieve its investment objectives by constructing a relatively concentrated portfolio of long and short investments which Columbia (as general partner or investment manager) believes have the potential to deliver returns that are substantial on an absolute basis and compensate for associated risk. These funds seek 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 is also permitted to invest in ETFs, futures and other financial instruments generally and in connection with hedging activities. Columbia can also invest in debt or non-convertible preferred stock. Private Funds employing a Hedged Strategy will generally make investments in publicly traded equities or securities linked to the performance of publicly traded equities. Columbia generally invests directly or indirectly in securities of companies at all market capitalizations.

SEPARATELY MANAGED ACCOUNTS

Columbia gives specifically tailored investment advice to the LLC SMA and the Individual SMAs. Such investment advice is based on the investment objectives of each client, as communicated to Columbia from time to time.

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 its clients and/or Investors. 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 Private Fund's Offering Documents. The information contained herein is a summary only and is qualified in its entirety by the relevant fund's governing documents.

An investment in a Private Fund involves a significant amount of risk and is suitable only for sophisticated investors of substantial means who have no immediate need for liquidity, 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 an Investor 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 conflicts of interest in connection with their management of the Private Funds.

General Investment Risks

Clients and investors in the Private Funds should note that the prices of the securities and other instruments in which investments are made 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 general partner and/or investment manager's ability to implement the fund's investment strategy. Any factor that would make it more difficult to execute more timely investments, 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 a 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 general partner and/or investment manager anticipates. As a result, a fund may lose all or substantially all of its investment in any particular instance.

General Economic Conditions

The success of any investment activity conducted 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 positions are held could impair the fund's ability to carry out its investment strategy as anticipated, or cause it to incur losses.

Equity Securities

While we believe that equity securities offer greater potential for long-term growth, they are more volatile and more risky than some other forms of investment. The market price of equity securities owned may go up or down, sometimes rapidly or unpredictably. A risk associated with investments in equity securities is that such may 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. 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.

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, 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 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 of the Private Funds may invest in 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 companies with larger capitalizations or with greater Wall Street or similar coverage. For example, smaller companies often have limited 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 a 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 it would have incurred if it had invested only in the securities of companies with larger capitalization or with greater Wall Street, analyst or similar coverage.

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 in real estate assets 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 and/or investment manager. 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 ownership and/or operations of real estate properties, no insurance will be available to cover certain uninsured casualties as well as cash deficits from ongoing operations.

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 a fund's performance.

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. 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.

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 its clients' evaluation of Columbia or the integrity of Columbia's management. Columbia has no legal or disciplinary information to disclose under this Item 9.

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 contained in Item 4 above.

The owners of Columbia have ownership interests in another investment adviser, CPWM, LLC (dba Columbia Pacific Wealth Management) ("CPWM") which provides advisory services for separately managed accounts. However, certain principal owners of Columbia are not involved in the day-to-day operations of CPWM, although one of Columbia's principal owners is also a manager and one of the authorized signors of CPWM.

Investors in the Private Funds may elect to engage CPWM for certain wealth management services, for which CPWM will generally charge management fees based on their advisory management contract with each respective Investor. This results in a conflict of interest because certain principals of Columbia also have ownership interests in CPWM. Investors are made aware of such common ownership and of the conflicts that arise by virtue thereof. To mitigate this conflict of interest, Investors are encouraged to make the decision regarding whether to retain CPWM as their investment advisor based on their assessment of CPWM and its supervised persons.

CPWM's advisory clients may invest in Private Funds for which Columbia acts as general partner or as investment manager. This arrangement presents a conflict of interest since certain principals of Columbia also have ownership interests in CPWM and benefit indirectly from fees paid to CPWM. In order to mitigate any conflicts of interest arising from this arrangement, CPWM generally excludes client assets invested in a Private Fund in the calculation of its management fees.

Columbia is the sole member of CPA Development, LLC ("CPA Development"), a limited liability company that currently provides development and management services to some of the portfolio companies of certain Private Funds, as well as certain companies owned by one or more of Columbia's principals. 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 which is generally based on a percentage of development costs, less certain expenses agreed upon between the parties. The fees earned by CPA Development indirectly benefit Columbia's 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 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 conflicts described above, Columbia requires that before an agreement is entered into between CPA Development and such portfolio companies, an analysis must be conducted to determine 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 and some of Columbia's affiliates have entered into an agreement with Seattle Bank pursuant to which the fund and certain affiliates (the "SB Investors") have provided financing to Seattle Bank for recapitalization purposes. Further, currently, one of the Private Fund clients and its associated accounts (collectively, the "Depositors") maintain bank accounts at Seattle Bank. In addition, Columbia may recommend that funds and/or securities of its Private Funds clients be custodied at Seattle Bank. This creates a 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 possibly increase the value of the SB Investors 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.

Columbia's members and employees may also act as members of the board or may have other management positions in various publicly traded companies in which its Private Fund clients may also invest. In such instances, and in order to mitigate and protect investors against any conflicts of interest, the relevant Private Fund will be restricted from trading the securities of such publicly traded company except during the same "open window" periods applicable to the management team of the publicly traded company. Due to this limitation, the Private Fund may be prevented from trading shares of the public company at a time that Columbia believes may be advantageous for the investors in such Private Fund.

Columbia's members and employees may also act as members of the board or may have other management positions in various private companies with which CPA or its clients conduct business. In order to mitigate conflicts of interest that may arise from such arrangements, CPA is mandated to ensure that any arrangement between CPA and/or its clients and such private company are negotiated and entered into on an arms-length basis. Further, in determining whether to accept such position, CPA and its personnel are required to exercise its judgement in a manner consistent with our fiduciary duties to our clients and investors.

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 and investor information, a prohibition on insider trading, a prohibition on 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 their receipt and understanding of the provisions contained in the Code, on an annual basis, and upon any amendments thereto.

Columbia anticipates that, in appropriate circumstances, it may cause a Private Fund and/or managed account clients over which Columbia has management authority to effect the purchase or sale of securities in which Columbia, its affiliates, employees and/or clients, directly or indirectly, have a position of interest. This arrangement may result in a conflict of interest in that Columbia, its affiliates and/or employees may be deemed to have effected or recommended an investment based solely on its financial interest. In order to mitigate this conflict of interest, a determination must be made by Columbia prior to such transaction that it is consistent with the client's investment

objectives. In addition, the Code is reasonably designed to ensure that any conflict of interest arising from such arrangement will always be resolved in favor of the client.

The Code also governs the personal trading activities of each employee of Columbia who is deemed to be an Access Person and is intended to ensure securities transactions effected by them 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 periodically reviewed to identify and resolve any conflicts of interest.

Further, the policies and procedures relating to personal trading are intended 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/or our managed account clients 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 and/or our managed accounts, there is a possibility that employees might benefit from market activity by a client in a security also held by an employee. Employee trading is periodically monitored to reasonably prevent and detect any conflicts of interest between Columbia and its clients brought about by such arrangement.

Employees may trade in the same securities on the same day as the Private Fund accounts and/or our managed accounts, on an aggregated basis when consistent with Columbia's obligation of best execution. In such circumstances, Columbia will seek to allocate the securities at the same average price among the employee and client accounts held at the same custodian. Columbia will retain records of the trade order (specifying each participating account) and its allocation. Partially filled orders will generally be allocated on a pro rata or random basis.

It is Columbia's policy that the firm will not affect any principal transactions for client accounts or conduct any cross trades between client accounts except if deemed to be advisable and if so, in a manner that conforms to the requirements of the Advisers Act. 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.

The discussion above is only a summary of certain provisions of Columbia's Code of Ethics. Columbia's clients or prospective clients may request a copy of the firm's Code by contacting Columbia's Chief Compliance Officer, at (206) 728-9063.

Item 12 – Brokerage Practices

Only certain Private Funds and the Individual SMAs currently trade public securities. As a result, the following discussion relating to our brokerage practices pertains exclusively to the trading activities of these funds and our Individual SMA.

Columbia has complete discretion over the selection of broker-dealers to execute securities transactions for clients and to negotiate compensation arrangements with such broker-dealers. In addition to using broker-dealers as agents and paying commissions, Columbia may cause the clients 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 but must select such broker-dealers in a manner that is consistent with its duty of obtaining “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 may include, but is not limited to: (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, and (vii) 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, rather, it must consider all other factors deemed relevant for purposes of obtaining best execution.

Brokerage for Client Referrals

Broker-dealers with which a Private Fund transacts may, pursuant to their own internal policies and procedures, introduce Columbia to prospective investors in the Private Funds. 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 is permitted, but not required, to combine orders on behalf of its Private Fund clients and/or its managed account clients 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 participating clients than if there had been only one account effecting the transaction or had completed its transaction before the other participants.

In instances when Columbia does not aggregate client transactions in the same securities when it may do so, Columbia will not be able to allocate the securities or proceeds arising out of different transactions on an average price basis among the various clients and consequently, clients will not be able to avail of what could potentially be a more beneficial average price for securities.

Item 13 – Review of Accounts

Publicly traded securities are monitored on a daily basis; for the Opportunistic Strategy by Alexander Washburn; for the Hedged Strategy by Trent Stedman. Each Private Fund’s Portfolio Manager conducts informal, periodic reviews of the investments in the Private Funds advised by them. The various principals of Columbia monitor all other investments, generally on a monthly basis.

Item 14 – Client Referrals and Other Compensation

Columbia engaged a third-party placement agent to solicit prospective investors for interests in the Private Funds focused on senior housing assets, but, no solicitation activities are currently being conducted by the placement agent

on behalf of Columbia. However, the third-party placement agent is entitled to continue to receive certain fees payable under the engagement for services previously rendered. All fees or compensation payable to the placement agent for services previously rendered have been, and will be paid by Columbia, which may be offset from the management fees payable by such Private Fund to Columbia. In the future, we may appoint one or more additional placement agents to solicit prospective investors for interests in the Private Funds.

Item 15 – Custody

Columbia believes that all firms providing custodial services to our clients provide adequate service for reasonable fees. For the LLC SMA, we are deemed to have custody only of the assets invested in our Private Funds; all other assets of the LLC SMA are held by a custodian chosen by it. The assets of the Individual SMAs are custodied at Fidelity Investments. Columbia may use additional qualified custodians in the future.

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.

To comply with Rule 206(4)-2 under the Advisers Act, Investors in the Private Funds for which Columbia or its affiliates are deemed to have custody will be provided with audited financial statements which are audited by firms that are registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements for such Private Funds are provided 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.

In addition, each Investor in a Private Fund which trades in public securities generally receives periodic unaudited capital account statements and reports, as may be required under the respective fund's Offering Documents. Investors in the other Private Funds generally receive unaudited report, either on a quarterly, semi-annual or annual basis as required under the respective Private Fund's Offering Documents.

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 Offering Documents. Columbia is generally not required to obtain the consent or approval of any Investor of a Private Fund in connection with any investment transaction or decision on behalf of the Private Fund.

For the Individual SMAs, Columbia has discretion over the selection and amount of public securities to be bought or sold in specified industry groups. For the LLC SMA, 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. This authority is granted to Columbia through the investment advisory agreements between Columbia and the separately managed account client.

Item 17 – Voting Client Securities

Columbia has adopted a policy governing the voting of proxies that is reasonably designed to ensure that Columbia votes proxies relating to securities or other assets held by the Private Funds and the Individual SMAs 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.

The Individual SMA clients receive their proxies directly from their respective custodian. These clients retain voting responsibility for all proxies and other solicitations sought by an issuer.

A client may obtain a copy of our 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 arrangement that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.