

Colony Investment Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Colony Investment Management, LLC (“CIM”). If you have any questions about the contents of this brochure, please contact us at (212) 230-3388. 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 CIM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

CIM's most recent update to Part 2 of Form ADV was made in December 2010. CIM's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is in a different format from brochures used by CIM in prior years.

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Advisory Business

Colony Investment Management, LLC (“Adviser” or “CIM”) serves as an investment manager or adviser to a pooled investment vehicle and a separately managed account, organized to invest in securities and other financial instruments (the “Clients”). In providing such services to the Clients, the Adviser formulates its investment objective, directs and manages the investment and reinvestment of the Client’s assets and provides reports to the investors in the Clients. Investment advice is provided directly to the Clients and not individually to the limited partners or underlying investors of the Clients (the “Investors”). The Adviser manages the assets of the Clients in accordance with the terms of the governing documents applicable to the Clients.

Currently, the Adviser provides investment advice to the following Clients:

- Colony Edge, LP – a Delaware limited partnership with the purpose of investing on a long and short basis primarily in the listed securities of both U.S. and non-U.S. public companies in sectors related to the real estate industry.
- Separately Managed Account - a large corporate pension fund with the purpose of investing on a long only basis primarily in the listed securities of non-U.S. public companies in sectors related to the real estate industry.

Colony Edge GP, LLC, a Delaware limited partnership and affiliate of Adviser, serves as general partner to Colony Edge, LP. Principals of the Adviser are also principals of the general partner

Prospective investors in Colony Edge, LP (the “Fund”) are required to complete a suitability questionnaire to ensure they are eligible to invest in an unregistered pooled investment vehicle.

CIM was founded in 2005 and is primarily owned by Colony CIM Managing Member, LLC. As of March 31, 2011 CIM managed approximately \$109 million on a discretionary basis on behalf of about 8 investors.

Fees and Compensation

Compensation received by the Adviser from the Clients is generally comprised of fees based on a percentage of assets under management and may include performance-based amounts. The Adviser’s fees for the pooled investment vehicle are generally not negotiable. The fees for a separately managed account, however, are generally negotiable.

For Colony Edge, the Adviser receives a management fee at an annual rate equal to 1.5% of the net asset value of the capital account balance of each Limited Partner. Management Fees are calculated and payable by the Partnership quarterly in advance as of the beginning of each calendar quarter. Capital contributions accepted after the commencement of a calendar quarter are subject to a pro rated Management Fee payable at the time of investment reflecting the time remaining during the quarter. For the Managed Account, the management fee is a negotiated rate and the fee is calculated by the custodian based on the end of month NAV and paid quarterly in arrears.

Performance-based compensation is generally calculated as of the end of each fiscal year and will be paid to the general partner of the Fund. The Adviser (and/or the general partner), at its discretion, may waive all or a portion of the incentive or performance-based allocation. Performance based fees may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. With a performance based fee arrangement the Adviser (and/or the general partner) receives compensation based on a share of the capital gains upon or capital appreciation of the Funds or any portion of the Funds of the Client.

For Colony Edge, an investor in the Fund has the right to withdraw all or any portion of its interests on the last business day of each calendar quarter, provided that no interests may be withdrawn unless the capital attributable to such interests has been invested in the Partnership for at least 12 complete calendar months as of the effective date of the withdrawal, unless otherwise agreed to by the General Partner. Written notice of any withdrawal must be given at least forty-five (45) days prior to the proposed withdrawal date. In the unusual event that an Investor is permitted by the General Partner to withdraw all or any portion of its interest on a date that is not the last business day of a calendar quarter or the interests have not been invested in the Partnership for at least 12 complete calendar months as of the effective date of the withdrawal, the Investor may be required to forfeit any pre-paid management fees or pay an early withdrawal fee at the discretion of the General Partner.

The fees paid by the Fund managed by the Adviser have not been established on the basis of an arm's-length transaction between the Fund and the Adviser. Investors should review all fees charged by the Adviser and the Fund's prime brokers, custodians and other service providers to fully understand the total amount of fees paid annually by the Fund.

The advisory agreement with the Fund is terminable, without penalty, generally upon 30 days written notice to either party.

Performance Based Fees and Side-by-Side Management

For Colony Edge, the performance-based compensation generally is 20% of the net realized and unrealized profits of each year, subject to a high-water mark. Thus, if a loss occurs that results in an investor's account being lower than the highest level of cumulative net profits achieved by such investor through the close of any year since admission (the "high-water mark"), then no performance fee will be charged until such time as the investor's account is equal to the high-water mark.

CIM is currently not charging any performance fees on its separately managed account but could in the future if mutually agreed upon with the investor. The fee structure for new separately managed accounts is negotiable.

Types of Clients

The Adviser and its affiliates provide discretionary investment advice to a pooled investment vehicle organized as a limited partnership and a separately managed account for a large corporate pension. CIM's minimum investment in the Fund is generally \$1,000,000 and the minimum account size for a separately managed account is \$25,000,000 but these amounts are negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

Adviser's investment approach is research intensive and employs a combination of: (i) fundamental company research and bottom-up, disciplined valuation analysis; (ii) quantitative screening utilizing multi-factor and momentum models; (iii) relative valuation analysis and competitive assessment of a company's position within its sector and/or the real estate industry at large; and (iv) top-down real estate industry and sector level research of the key macro-economic, private market and public market drivers in each real estate sector and country.

Adviser focuses its research on public and private market valuation of a company's operations, its business and operating strategy, current and projected growth prospects, financial condition, quality of its management team, markets and/or products. This is accomplished through extensive analysis of the company's financial statements, meetings with senior management, real estate portfolio analysis, and evaluation of the company's credit exposure to key tenants and customers. Company valuation analysis employs both public market (i.e., traditional income statement, balance sheet and cash flow metrics) and private market valuation (net asset value and replacement cost), as warranted.

Adviser invests long and/or short and has a target investment universe that includes over 600 companies globally. Exposure targets for the Fund will generally range from 100% to 400% gross and -25% to 50% net, depending on the Adviser's current view of market conditions.

CIM primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause CIM to sell securities more quickly.

CIM can engage in short selling and option writing in the Fund. The use of short selling and option writing poses additional risks that are discussed in detail with any prospects who are considering an investment in the Fund.

All investing involves a risk of loss.

Disciplinary Information

CIM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Colony Edge GP, LLC ("Colony Edge"), a Delaware limited liability company and affiliate of Adviser, serves as the general partner to the Fund. Principals of Adviser are also Principals of the general partner. The Adviser has been retained by the Fund to serve as the investment adviser and/or investment manager and is responsible for the management of Fund assets.

Interests in the Fund that are a collective investment vehicle and sponsored by an affiliate of the Adviser are not registered under the Securities Act of 1933, as amended, and are also not registered under the Investment Company Act of 1940, as amended. Accordingly, investments in the Fund of which the Adviser or Colony Edge is a manager or general partner are conducted on a private placement basis and prospective investors may be solicited only by means of the current

prospectus or private placement memorandum of the Fund. Interests are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions within the United States. Typically, these investors are high net worth individuals, institutions and other entities.

Principals of Adviser are also principals of Colony Capital, LLC (“Colony Capital”), a private, international investment firm focusing primarily on real estate-related assets and operating companies. Adviser intends to utilize Colony Capital’s expertise and relationships to enhance its market research and its market valuation capabilities.

CIM’s Chief Executive Officer, Mr. Richard Saltzman, also serves as a principal officer of Colony Capital, LLC. However, he is responsible for the supervision and management of Colony Capital, LLC and will spend approximately 1% to 20% of his time on CIM business matters.

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

CIM has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires CIM and its employees to act in clients’ best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. A copy of CIM’s code of ethics is available upon request.

The Adviser, its principals or a related entity will generally have a material investment in the Fund, often as the general partner of the Fund. Therefore, the Adviser may be considered to participate, indirectly, in transactions effected for those Clients. The foregoing relationships, fees and any other actual or potential conflicts of interest arising there from are disclosed in the Fund’s offering document.

CIM’s employees are not permitted to trade alongside Client accounts. The Chief Compliance Officer monitors employee trading, relative to Client trading, to ensure that employees do not engage in improper transactions.

CIM maintains a watch list of securities that are being considered for client accounts, as well as, an inventory of securities already held in Client accounts. Any proposed employee transaction involving securities on the watch list or already in inventory requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an employee’s trading could disadvantage CIM’s Clients.

Under certain circumstances an employee might invest in a security that is not being considered for Client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for Clients, but the Chief Compliance Officer might not allow the security to be purchased for Client accounts in order to avoid even the appearance of employees trading ahead of Clients. In CIM’s experience, it is extremely unlikely that an employee’s personal trading would limit Clients’ investment opportunities, but such a situation may arise from time to time.

Brokerage Practices

CIM has the discretion to use any custodian they deem best suited to support the activities of its pooled investment vehicles. Since inception, CIM has used Goldman, Sachs & Co. (“GSCO”) as the prime broker for Colony Edge, LP. For separately managed accounts, the investor can suggest which custodian they wish to use.

CIM is authorized to make the following determinations in accordance with the objectives and restrictions of the governing documents applicable to the Clients without obtaining prior consent from any of its Investors or other Clients: (1) which securities or instruments to buy or sell; (2) the total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Fund and other Clients, CIM seeks to obtain the best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer; (iv) the quality, comprehensiveness and frequency of available research services considered to be of value to the Adviser and its Clients; (v) the value of brokerage services over and above trade execution provided to the Adviser and its Clients; and (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying the Adviser’s other selection criteria. Although the Adviser generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Please note that, while CIM has discretion to decide which executing brokers to use, it does not recommend executing brokers, or any other service provider, to its underlying investors.

Soft Dollar Benefits

Consistent with obtaining best execution, transactions for Client accounts may be directed to brokers in return for research services furnished by them to the Adviser. Section 28(e) under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to the Adviser in its use of soft dollars generated by its advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the Adviser in the performance of its decision-making responsibilities. The term “soft dollars” refers to the receipt by CIM of products and services provided by such brokers without any cash payment by the Clients, based on the volume of revenues generated from brokerage commissions for transactions executed for the Clients.

CIM does not receive any products or services from its custodians at discounted rates. CIM’s custodians never pay for CIM employees’ travel and accommodation costs in connection with industry conferences.

The Selection of Trading Counterparties

CIM intends to use its best efforts to assure that the fees and costs for services provided by its executing brokers are reasonable when compared to other firms of similar quality. Research provided by the executing brokers will be used to service all of the Adviser's Clients. Generally, research services provided by executing brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. The Adviser may make any appropriate allocations so that it bears the cost of any such services used for purposes other than for research.

The Adviser's relationships with executing brokerage firms that provide research related to the real estate sector can influence the Adviser's judgment in allocating brokerage business and create conflicts of interest, both in allocating execution business between firms that provide such research and firms that do not. These conflicts of interest are particularly influential to the extent that the Adviser uses soft dollars to pay expenses it would otherwise be required to pay itself.

Best Execution Reviews

On at least an annual basis CIM's Chief Compliance Officer and Portfolio Manager evaluate the pricing and services offered by its trading counterparties with those offered by other reputable firms. CIM has sought to make a good-faith determination that the chosen trading counterparties provide its Clients with good services at competitive prices. However, investors should be aware that this determination could have been influenced by CIM's receipt of products and services from the chosen trading counterparties. Historically CIM has concluded that its chosen trading counterparties are as good as, or provide unique research specific to the real estate sector that is essential to the management of CIM's Clients, than other firms that have been considered.

Aggregated Trades

CIM typically aggregates Client trades in an effort to treat all Clients fairly. Clients participating in a bulk order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. CIM employees are never included side-by-side in bulk Client trades. If an order is partially filled, the trades are allocated on a *pro-rata* basis based on the original ratio specified when the order was placed. CIM may seek to complete any unfilled orders on the next trading day.

Client Referrals

CIM's custodians or broker/dealers do not refer clients to CIM.

Review of Accounts

CIM's Portfolio Manager and Chief Compliance Officer monitor its Clients on an ongoing basis to ensure that the Clients are within the investment limits set forth in the applicable investment management agreements and offering documents. Investors in Colony Edge receive monthly NAV statements directly from our unaffiliated administrator. The owner of the separately managed account has online access to their account at their custodian and can run reports at will.

Client Referrals and Other Compensation

CIM does not pay a portion of its advisory fees to any investment adviser in connection with the referral of clients.

Custody

All Client assets are held in custody by unaffiliated broker/dealers or banks; however CIM may have access to Client accounts since it serves as the General Partner of the Fund. Investors in the Fund will not receive statements from the custodian. Instead the Fund is subject to an annual audit by an unaffiliated accredited accounting firm and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the partnership's fiscal year end.

Investment Discretion

CIM has investment discretion over all Client accounts. Investors should review all Client account related documents carefully to ensure that the investment strategy of the Clients are inline with their goals.

Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, CIM has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that CIM receives will be treated in accordance with these policies and procedures.

Among the services we provide is that we may vote proxies on behalf of the Fund. Since Investors in the Fund will not know the securities held by the Fund, the proxies will be voted by the Adviser in what the Adviser believes is in the best interest of the Fund. To this end, we have retained Institutional Shareholder Services Inc. ("ISS"), a wholly-owned subsidiary of MSCI, as an expert in the proxy voting and corporate governance areas to assist us. ISS will be responsible for identifying the proxies to be voted upon, voting the proxies in the best interest of Clients, submitting the proxies promptly and properly and keeping detailed records on how the proxies were voted in a manner that is secure and readily accessible. By retaining ISS to vote our proxies in the interest of maximizing shareholder value based on their expertise and independent research, we hope to mitigate any conflicts of interest that may arise. A copy of the ISS Proxy Voting Policy Summary is available for your review upon request.

The underlying investor in our separately managed account is responsible for voting their proxies.

Financial Information

CIM has been, and continues to be, subsidized and supported by its parent company, Colony Capital, LLC. Because of the support of Colony Capital, the financial condition of CIM is not reasonably likely to impair our ability to meet contractual commitments to Clients. If Colony Capital decides to stop subsidizing CIM and this impairs our ability to meet our obligations, we will promptly notify our investors as required under Rule 206(4)-4.