
PART 2A OF FORM ADV: FIRM BROCHURE

FIG LLC
(d/b/a Fortress Investment Group)

A Delaware Limited Liability Company registered with the U.S. Securities and Exchange Commission as an Investment Adviser

March 30, 2017

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This brochure provides information about the qualifications and business practices of FIG LLC (d/b/a Fortress Investment Group). If you have any questions about the contents of this brochure, please contact us at (212) 798-6100. 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.

Additional information about FIG LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

FIG LLC is registered with the SEC as an investment adviser. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

Fortress is required to identify and discuss any material changes that were made to this brochure since its last annual update dated March 30, 2016. Accordingly, please note the following:

On February 14, 2017, SoftBank Group Corp. (“SoftBank”) and Fortress Investment Group LLC (NYSE:FIG) (as used in this Item 2, “Fortress”) announced that they had entered into a definitive merger agreement under which SoftBank will acquire Fortress for approximately \$3.3 billion in cash (the “Merger”). The transaction is subject to approval by Fortress shareholders, certain regulatory approvals and other customary closing conditions, and is expected to close in the second half of 2017. Until the effective time of the Merger, additional information concerning the Merger may be found at SEC.gov on Fortress’s public filings.

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ITEM 4 ADVISORY BUSINESS

Founded in 1998 and headquartered in New York, Fortress Investment Group LLC and its affiliates (collectively “Fortress” or the “Firm”) is a global asset manager that raises, invests in and/or manages private equity funds, hedge funds (together with private equity funds, each or collectively, a “Private Fund”), mutual funds and publicly traded permanent capital vehicles. Fortress also provides alternative and traditional investment management services to institutional managed accounts. Fortress Investment Group LLC is a publicly traded holding company, listed on the New York Stock Exchange (NYSE: FIG), and had its initial public offering in February 2007. See Item 2 (Material Changes) for a description of Fortress’s agreement to merge with an entity controlled by SoftBank.

The descriptions of Fortress’s funds in this brochure, including the type of investments made and strategies used, fees and expenses charged, risk factors and conflicts of interests that may arise in Fortress’s management of such funds and investments are qualified in their entirety by reference to each of the Clients’ (as defined below) agreements with Fortress as well as in formal offering materials (e.g., the Client’s offering memorandum, memorandum and articles of association, limited partnership agreement, as the case may be, and subscription document) provided to investors in the Private Funds or to those with separately managed accounts (“Managed Accounts”), as applicable (collectively referred to herein as the “Offering Documents”) and, in the case of publicly traded permanent capital vehicles, by reference to public disclosures made in accordance with public company reporting requirements.

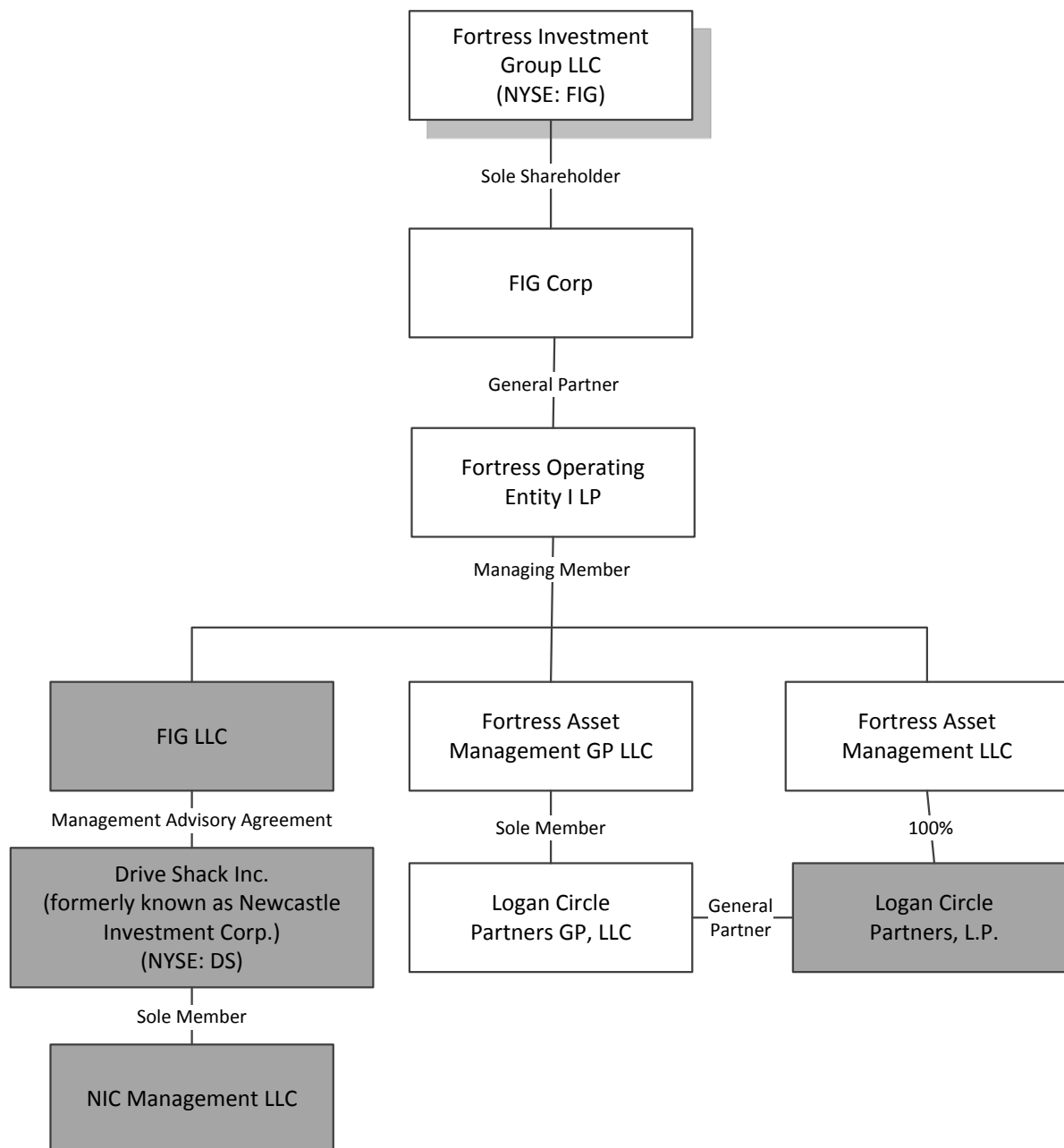
Fortress’s Registered Advisors

Fortress conducts its investment management business through its subsidiary, FIG LLC (801-62982), and through a variety of other investment advisory affiliates, all of which are either wholly owned by, or under common control, with FIG LLC (each an “Investment Advisory Affiliate”). FIG LLC is registered with the SEC as an investment adviser. The Investment Advisory Affiliates are either registered with the SEC or are covered by FIG LLC’s registration as relying advisors pursuant to applicable SEC guidance. As such, with limited exceptions noted below, this Form ADV Part 2 is intended to cover the investment advisory activities of FIG LLC and all of its Investment Advisory Affiliates. Logan Circle Partners, L.P. and CWCapital Investments LLC, which are under common control with, and advisory affiliates of, FIG LLC, file separate ADV Parts 1 and 2, which are available at www.adviserinfo.sec.gov.

The Investment Advisory Affiliates that are currently registered with the SEC pursuant to the Investment Advisers Act of 1940, in addition to FIG LLC, include: (i) Logan Circle Partners, L.P. (801-67753); (ii) CWCapital Investments LLC (801-69737); (iii) NIC Management LLC (801-72108) and (iv) Drive Shack Inc. (801-72277). The information contained herein is generally broader than the information that would be found in a separate Form ADV Part 2 prepared for each individual SEC registered Investment Advisory Affiliate. For ease of reference, the term “Fortress” is used throughout this brochure and should be understood to include FIG LLC and, where applicable, all of its various Investment Advisory Affiliates excluding Logan Circle Partners, L.P. (“Logan Circle”) and CWCapital Investments LLC, which have their own Forms ADV Part 1 and 2.

Principal Owners of Fortress's SEC Registered Investment Advisory Affiliates

The following is an organizational chart depicting the “principal owners” of Fortress’s SEC registered Investment Advisory Affiliates which are shaded below as of March 30, 2017. Please see Item 10 (Other Financial Industry Activities and Affiliations) for a list of all Investment Advisory Affiliates.



Fortress's Advisory Services

Fortress's advisory services are comprised of the following primary business lines:

Private Equity

Investment Funds

The Private Equity fund business is comprised of: (i) a series of diversified funds organized to make control-oriented investments in cash flow generating, asset-based businesses in North America and Western Europe and (ii) various sector focused funds organized to invest in specific opportunities in sectors where Fortress has proven expertise. Sector focused funds include the MSR Opportunities Funds and the Italian NPL Opportunities Fund.

Permanent Capital Vehicles

The permanent capital vehicles business is comprised of the following entities: (i) Drive Shack Inc. (formerly known as Newcastle Investment Corp.) (NYSE: DS), (ii) New Residential Investment Corp. (NYSE: NRZ), (iii) New Media Investment Group Inc. (NYSE: NEWM), (iv) New Senior Investment Group Inc. (NYSE: SNR), (v) Eurocastle Investment Limited (Euronext Amsterdam: ECT), and (vi) Fortress Transportation and Infrastructure Investors LLC (NYSE: FTAI), which are publicly traded companies that are externally managed by Fortress pursuant to management agreements (collectively, referred to as the "Permanent Capital Vehicles" or "PCVs"). The PCVs invest in a wide variety of assets including real estate-related assets such as securities, loans, real estate properties, senior living properties and mortgage servicing-related assets, media assets and golf assets, and in transportation and infrastructure assets.

Credit

The Credit Funds business is comprised of (i) credit hedge funds which make highly diversified investments in direct lending, corporate debt and securities, portfolios and orphaned assets, real estate and structured finance on a global basis and throughout the capital structure, with a value orientation, as well as non-Fortress originated funds for which Fortress has been retained as manager or co-manager as part of an advisory business; and (ii) credit private equity funds which are comprised of a family of "credit opportunities" funds focused on investing in distressed and undervalued assets, a family of "long dated value" funds focused on investing in undervalued assets with limited current cash flows and long investment horizons, a family of "real assets" funds focused on investing in tangible and intangible assets in the following principal categories (real estate, capital assets, natural resources and intellectual property), a family of Asia funds, including Japan real estate funds and an Asian investor based global opportunities fund, and a family of real estate opportunities funds, as well as certain sector-specific funds with narrower investment mandates tailored for the applicable sector.

Traditional Asset Management

Logan Circle Partners, L.P., a Fortress affiliate, operates a traditional asset management business that provides institutional clients actively managed investment solutions across a broad spectrum of fixed income strategies. Logan Circle's core fixed income products cover the breadth of the maturity and risk spectrums, including short, intermediate and long duration, core/core plus, investment grade credit, high yield and emerging market debt. Additional information may be found in Logan Circle Partners, L.P.'s brochure, which is available upon request or by accessing the following website: www.adviserinfo.sec.gov.

Fortress Clients

For the most part, Fortress's Clients can be broadly categorized as either (i) pooled investment vehicles that are structured as limited partnerships, limited liability companies or corporations and which comply with Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 (the "Investment Company Act"), for the purpose of pursuing one or more alternative asset investment strategies, which may be either limited life entities, such as Fortress's private equity funds, or "open-end", perpetual life entities, such as Fortress's hedge funds (collectively, the "Private Funds"); (ii) single investor managed accounts or funds, the investment strategies of which typically parallel all or a portion of the investment strategies of one or more of the Private Funds ("Managed Accounts"); (iii) Permanent Capital Vehicles and other publicly traded vehicles; and (iv) structured products for which Fortress serves as the collateral manager ("Structured Products"). The Private Funds, taken together with the Managed Accounts, Permanent Capital Vehicles and other publicly traded vehicles, and Structured Products, are referred to throughout this brochure as the "Clients."

Fortress also provides investment advisory services to Investment Advisory Affiliates that are wholly-owned by Clients. In other words, in limited circumstances, Clients themselves own investment advisers for which Fortress employees provide services. In these circumstances, any compensation received for services provided to clients of such Investment Advisory Affiliate is retained by such Investment Advisory Affiliate or the Clients that own such Investment Advisory Affiliate.

Customized Services for Individual Clients

As described above, Fortress provides investment advisory services to a number of institutional Managed Accounts, which, unlike the Private Funds described above, are generally formed for the specific purpose of managing the assets of a single institutional investor. The investment strategies for the Managed Accounts may, and generally do, parallel all or a portion of the investment strategies of one or more of the Private Funds, but there are, on occasion, differences between the investment strategies of a Managed Account and any other Fortress Client. The advisory services provided to each Managed Account, and the related terms and fees, are negotiated on a case-by-case basis. Fortress enters into agreements to advise Managed Accounts only under limited circumstances. However, the assets under management of Managed Accounts may individually or in the aggregate be substantial in proportion to the Private Funds whose investment strategies they parallel.

Certain of the Clients may from time to time enter into agreements ("Side Letters") with one or more of their investors whereby, in consideration for agreeing to invest certain amounts in

a Client and/or other consideration, such investors may be granted favorable rights not afforded other investors in such Client. Such rights may include one or more of the following: rights to receive reports from the Client on a more frequent basis or that include information not typically provided to other investors; rights to receive reduced rates of performance fees/allocations and/or management fees earned by Fortress, each Client's general partner and/or other affiliates; and such other rights as may be negotiated between the Client, Fortress and such investors. Side Letters may be entered into by the Client and Fortress without the consent of other investors in such Client. Additionally, except as may be required by "most-favored-nations" clauses or as required under the Offering Documents, Side Letters will not be disclosed to other investors in such Client.

Assets Under Management

As of December 31, 2016, Fortress had approximately \$69,627,300,000 in discretionary *fee paying* assets under management¹.

¹ Fee paying AUM is defined as: (i) capital commitments or invested capital (or NAV, if lower) for the private equity funds, private permanent capital vehicle through May 2015, credit PE funds and related managed accounts, which in connection with private equity funds raised after March 2006 includes the mark-to-market value on public securities held within the fund, (ii) contributed capital or book equity for our publicly traded permanent capital vehicles, (iii) the NAV for hedge funds and the NAV or fair value for related managed accounts (including Logan Circle Partners), and (iv) AUM related to affiliated managers and co-managed funds.

ITEM 5

FEES AND COMPENSATION

Fortress's Clients are generally qualified purchasers, as defined in section 2(a)(51)(A) of the Investment Company Act. As such, a detailed Client fee schedule is not included in this brochure. However, most of Fortress's Clients pay some or all of the following fees to Fortress:

- (i) a management fee that is generally equal to 0.85% to 2.0% of the total capital committed or invested, or the net asset value, under management for the relevant Client or, in the case of PCVs, a management fee that is generally equal to 0.75% - 1.50% of the company's contributed capital or book equity (as defined in each PCV's management agreement with Fortress) (a "Management Fee"); and
- (ii) a performance fee (or in the case of certain other Clients, an "incentive allocation"; the phrase "Promote" is used throughout this brochure to refer to both a performance fee or an incentive allocation) that is generally equal to 10% to 20% of the net capital appreciation of such Client's account at the end of the relevant fiscal period, or upon realization, and in certain cases subject to, or only in excess of, specified performance thresholds. In the case of PCVs, Fortress generally earns incentive income equal to 25% of operating results in excess of specified returns to shareholders.

Generally, fees are not negotiable; however, in certain cases, Fortress affiliates have waived or reduced Management Fees and Promote for certain investors including, for example, employees and certain affiliated entities or other types of investors by way of separate class, Side Letter or otherwise. The fee terms of Managed Accounts may differ from the fee terms of the Private Funds whose strategies they parallel.

Certain Clients may also pay to Fortress an "Administrative Fee" of up to 0.50% of committed or invested capital for the relevant Client.

In limited circumstances, certain Clients may also pay acquisition fees, disposition fees, withdrawal fees and underwriting fees, in each case in accordance with the applicable Client's Offering Documents.

With respect to the collateral management services that Fortress or, in limited circumstances, its Clients, provides to its Structured Products Clients, collateral management fees are generally paid to Fortress monthly or quarterly in arrears based on the total amount of collateral at the end of each calendar month or quarter. Clients may also pay credit enhancement fees based on the funded or unfunded portions of certain tranches of the Structured Products and structuring and exchange fees.

Fortress generally deducts fees from Clients' assets on a monthly, quarterly, semi-annual or annual basis, depending on the Client involved and the nature of the fee.

More detailed information about specific fees and expenses that Clients may pay is provided in the Offering Documents of each Client.

Underlying investors in Fortress's open end Private Funds have the right to redeem their interest in that fund in accordance with the terms of the relevant Private Funds' organizational documents. Certain Clients pay Management Fees on a monthly, quarterly or semi-annual basis in advance; in such cases, Clients may be entitled to a refund of Management Fees that are paid in advance, depending on the facts and circumstances. If such a situation arises, however, Fortress will determine in its sole discretion, on a case-by-case basis, whether to rebate such fees and, in all cases, will do so in accordance with the relevant Client's Offering Documents.

With respect to Promote that may be payable or otherwise borne by certain Clients in connection with the distribution made by such Client of investment proceeds or other amounts to investors, such fees are generally subject to a "clawback" (meaning that Promote distributed to Fortress may be repayable to the Client in certain circumstances) depending on the final overall performance of that Client; alternatively, if the Promote is based on increases in net asset value, any loss incurred by the Client is carried forward so that no Promote is owed unless and until losses incurred during a prior period or periods have been recouped, subject to certain adjustments (also referred to as a "high water mark provision").

In the case of PCVs, Fortress also typically receives, for services provided, a number of options in the PCVs equal to up to 10% of the number of shares of common stock sold by any such entity when raising equity capital. The options received by Fortress typically have a strike price equal to the market price of the relevant stock on the day of issuance and a ten-year term. If the value of the stock were to increase during the term of the option, the value received by Fortress upon exercise would exceed the strike price paid by Fortress.

Additional information related to the timing of the fees Fortress charges its Clients is provided in the relevant agreement between Fortress and the relevant Client (as well as in the Offering Documents provided to investors in the Private Funds, as applicable).

Additional Fees and Expenses

In addition to those fees described above, Clients may pay additional fees and expenses such as the following non-exhaustive list of items:

- brokerage commissions
- expenses relating to short sales
- hedging expenses
- clearing and settlement charges
- custodial fees
- bank service fees
- administrative expenses
- valuation and appraisal expenses
- organizational expenses (including the cost of the offering and ongoing sale of fund interests)
- costs of winding-up a fund
- interest expenses
- financing costs
- investment-related expenses, including travel (which may include expenses for the use of private aircraft, first class or business class travel, as well as accommodations, meals, and similar expenses) and due diligence expenses
- risk management expenses
- legal and compliance expenses
- auditing and tax preparation expenses
- accounting and operations expenses (including the cost of accounting software packages and

- travel expenses related to the operations of a fund)
- extraordinary expenses (including litigation, indemnification and contribution expenses)
- taxes
- expenses related to unconsummated investments
- expenses of asset management personnel
- third party administrator expenses
- insurance costs, including directors' and officers' liability insurance
- fees and expenses of sub-advisors
- cost of software in connection with investments (including fees of third party software developers)
- fees and reimbursable expenses to members of a fund's Board of Directors
- expenses associated with Advisory Boards and meetings of the limited partners
- expenses relating to quantitative analysis and software management services
- fees and expenses of servicers and property managers of specific assets and properties owned by a fund
- costs of research, information systems, software and hardware
- permissible overhead expenses, as applicable
- professional fees relating to investments (including expenses of consultants and experts)
- expenses associated with the distribution of reports and capital demand notices to investors.

To the extent that Fortress and its affiliates, or employees or friends or family members of Fortress employees, including individuals who have personal relationships with those who make investment decisions or execution decisions on behalf of Clients (collectively, "Affiliated Persons"), perform all or a portion of certain of the services listed above, the costs of such services may be reimbursed by the Client. To the extent that a third party performs such services and Fortress incurs all or a portion of the corresponding expenses listed above, the costs of such expenses will be reimbursed by the Client to the extent permissible under the Client's Offering Documents. In addition, certain Private Funds in the Private Equity business rely on a Fortress affiliate for certain specialized functions and the operating expenses of such Fortress affiliate are allocated among and paid for by the participating Private Equity Private Funds under a formula based on the proportion of their respective invested or committed capital, as the case may be, and the aggregate of such capital across such Private Funds. Fortress may have a conflict of interest in determining the costs of such services that will be charged to the relevant Client.

From time to time, a Fortress affiliate or Affiliated Person may provide services (such as investment advisory services) to, and receive compensation from, a company that a Client owns. A company that a Client owns may provide services (such as consumer and mortgage loan servicing) to, and receive compensation from, a Fortress affiliate or Affiliated Person and/or a Client. Such compensation will be in addition to any Management Fees and Promote received by Fortress from the Clients involved that invest in those portfolio companies, subject to limitations set forth in the Offering Documents provided to investors in the Private Funds, as applicable, and receipt of Advisory Board approval, to the extent required. Unless specifically provided in the Offering Documents, such compensation will not be offset against Management Fees or Promote.

Service companies may be engaged to provide services to a Client or with respect to securities, assets or instruments in which the Client has invested or to which the Client has exposure as a result of its investments. These service companies may, among other things, act as collateral managers, custodians or trustees of structured products, servicers of loans, managers of assets, such as real estate assets, or provide due diligence, software products and related professional services, or other similar services. Certain service companies may be affiliates of Fortress. Fortress may have a conflict of interest in determining the costs of such services that will be charged to the relevant Client and in selecting the service company.

More detailed information about the types of fees and/or expenses that a particular Client may pay in connection with the advisory services that Fortress provides is contained in the relevant agreement between Fortress and the relevant Client (as well as in the Offering Documents provided to investors in the Private Funds, as applicable, and, in the case of PCVs, disclosure documents filed pursuant to public company reporting obligations). In addition, please see Item 12 for a further discussion of the brokerage and other transaction costs that Clients pay.

Class Action Lawsuits

From time to time, Fortress may receive notices regarding class action lawsuits involving securities that are or were held by Clients. As a matter of policy, Fortress generally refrains from serving as the lead plaintiff in securities class action matters and also may not submit proofs of claim in various situations, including but not limited to, where Fortress believes that the recovery amounts are likely to be negligible, Fortress cannot be assured of confidential treatment of the data submitted in connection with the proof of claim, or Fortress otherwise believes it is not in the best interests of one or more Clients for Fortress to be involved in such a claim. Fortress makes these determinations in its sole discretion. Fortress does not expend significant resources pursuing class action claims and generally engages a third party to handle these claims on a contingency fee basis. As a result, Fortress in some cases does not participate in class action securities lawsuits in which it may be entitled to participate.

If Fortress does participate in a class action securities lawsuit or submit a claim and later receives any recovery amounts, those amounts will be credited to the participating Clients at the time the recovery amounts are received, which may be materially after the relevant conduct alleged in the lawsuit took place and investors in the relevant Client have redeemed their interests. As such, investors who have already redeemed interests at the time that the recoveries are received by the Client will not receive the benefit of those recoveries. In the event of a liquidation of a fund, Fortress may sell the rights to any potential class action claims to a third party. Any proceeds pursuant to such sale would be credited to the benefit of investors in such fund at the time of liquidation.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5 above, certain Clients pay both a Management Fee, which is generally equal to 0.85% to 2.0% of the total capital committed or invested, or the net asset value, under management for the relevant Client, and Promote, which is generally equal to 10% to 20% of the net capital appreciation of such Client's account at the end of the relevant fiscal period, or upon realization, and in certain cases subject to, or only in excess of, specified performance thresholds. The PCVs typically pay a management fee equal to 0.75% - 1.50% of the company's contributed capital or book equity, an incentive fee equal to 25% of operating results in excess of specified returns to the shareholders, and options in connection with each of their common stock offerings. Certain other Clients pay either a Management Fee only or nothing. Managing assets for different Clients with different fee structures, including ones that may allow for the possibility of earning Promote at the same time as others that do not, creates a conflict of interest for Fortress because such an arrangement creates an incentive to favor accounts for which Fortress has the ability to earn Promote. Such situations give rise to potential conflicts of interest including: (1) the allocation of investment opportunities, and (2) transactions among Clients (*i.e.*, cross trades). Additional information regarding the allocation of investment opportunities and the manner in which Fortress manages any related potential conflicts of interest is set forth in Item 11 of this brochure under "Allocating Investment Opportunities and Related Conflicts of Interest."

ITEM 7

TYPES OF CLIENTS

As described in Item 4 above, Fortress currently offers investment advisory services to Private Funds, Managed Accounts, Permanent Capital Vehicles and other publicly traded vehicles, and Structured Products. The underlying investors in Private Funds, Managed Accounts, and Structured Product Clients are typically institutional and high net worth investors.

Fortress's Private Funds and Managed Accounts generally have \$100 million or more in capital under management or capital commitments. With exceptions where permitted by applicable law, Fortress requires that the underlying investors in the Private Funds and Managed Accounts be "qualified purchasers" as that term is defined in Section 2(a)(51) of the Investment Company Act (with the exception of certain Fortress personnel who qualify as "knowledgeable employees" under Rule 3(c)-5 of the Investment Company Act). Fortress also generally requires, with some exceptions granted at the discretion of Fortress, that the underlying investors in the Private Funds and Managed Accounts invest no less than \$1,000,000 and, in some cases, as much as \$20,000,000 in the applicable Client.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

As previously described, Fortress offers a variety of investment strategies across its core businesses units. Each strategy involves significant risks, many of which are outside of Fortress's control. Investing in securities and other investments involve significant risks, including the risk that Clients (and, in turn, the underlying investors in such Clients), could lose some or all of any invested capital. An investment in a Client will typically provide limited liquidity as there are significant restrictions on transferability of and withdrawals from interests in a Client. In many cases, there is no withdrawal mechanism. Furthermore, to the extent that any of the below strategies engage in frequent trading, such frequent trading can increase costs, including brokerage, other transaction costs and taxes, which can affect investment performance.

A description of the significant investment strategies, as well as certain material risks that such Clients may face in employing such strategies, are set forth below.

Private Equity Strategies

Investment Funds

The Private Equity fund business is comprised of: (i) diversified funds organized to make control-oriented investments in cash flow generating, asset-based businesses in North America and Western Europe, and (ii) sector focused funds organized to invest in specific opportunities in sectors where Fortress has proven expertise. The strategies involve investing in equity and debt investments in public and private companies, leading the restructuring and recapitalization of distressed businesses, the acquisition of assets on a standalone basis or as the foundation for building a business to own and manage assets, and investing in sector-specific assets such as non-performing loans and mortgage servicing rights.

Permanent Capital Vehicles

The PCVs invest in a wide variety of assets including real estate-related assets such as securities, loans, real estate properties, senior living properties and mortgage servicing-related assets, media assets and golf assets, and in transportation and infrastructure assets.

Credit Strategies

The Credit Funds business is comprised of (i) credit hedge funds which make highly diversified investments in direct lending, corporate debt and securities, portfolios and orphaned assets, real estate and structured finance on a global basis and throughout the capital structure, with a value orientation, as well as non-Fortress originated funds for which Fortress has been retained as manager or co-manager as part of an advisory business; and (ii) credit private equity funds which are comprised of a family of "credit opportunities" funds focused on investing in distressed and undervalued assets,

a family of "long dated value" funds focused on investing in undervalued assets with limited current cash flows and long investment horizons, a family of "real assets" funds focused on investing in tangible and intangible assets in the following principal categories (real estate, capital assets, natural resources and intellectual property), a family of Asia funds, including Japan real estate funds and an Asian investor based global opportunities fund, and a family of real estate opportunities funds, as well as certain sector-specific funds with narrower investment mandates tailored for the applicable sector.

Investment Risks

All investments involve the risk of loss of capital. The nature of the investment instruments certain Clients may utilize and the strategies such Clients employ may amplify this risk. Such risks may include, without limitation:

- dependence on key individuals
- those related to broad investment mandates
- limited diversification
- country-specific or region-specific investing
- general economic, political and capital market conditions
- continued economic slowdown or recession
- those inherent to a global investment portfolio, including political, social and economic uncertainty
- operating in a difficult and unpredictable credit environment
- investing in companies that could face intense competition
- changing business and economic conditions that could adversely impact investment performance
- changes in the quality, pricing and availability of suitable investments
- those related to highly volatile investments
- those related to illiquid investments or decreased liquidity of investments
- investing in undervalued and difficult to value investments
- those related to interest rates and credit spreads
- credit risk
- prepayment risk
- currency risk
- those related to borrower fraud
- those related to subordinated debt investments
- those related to structured finance investments
- those related to derivative investments
- counterparty risk
- custodial risk
- those related to short selling
- those related to hedging transactions
- those related to limitations on quantitative models
- increased governmental and regulatory intervention and restrictions that could adversely impact investments
- those related to the use of leverage
- changes in the availability of debt financing or financing at attractive prices
- those related to real estate investing (including, among other things, risks associated with the general economic climate, local real estate conditions, risks

due to dependence on cash flow, risk and operating problems arising out of the absence of certain construction materials, changes in supply of, or demand for, competing properties in an area, the financial condition of tenants, buyers and sellers of properties, energy and supply shortages and fluctuations in energy prices, changes in tax, real estate, environmental and zoning laws and regulations, various uninsured and uninsurable risks, the ability of Fortress or third party service providers to manage real property, and natural disasters)

- increase in default rates on commercial and residential mortgages
- those inherent in investing in portfolio funds (including, without limitation, limited operating histories of portfolio funds, limited disclosure of proprietary investment strategies of the portfolio funds, independence of investment decisions by the managers of portfolio funds that can result in economically offsetting positions or large exposures in certain positions, limitations on the information received from portfolio fund managers and inability to independently verify such information, reliance on valuations provided by portfolio fund managers, and the risk that a third party manager may engage in negligent, grossly negligent or fraudulent conduct in connection with managing a given portfolio fund)
- those related to the allocation of opportunities among Clients and the overlapping investment programs of Clients
- dissolution risk
- those arising as a result of being managed by a subsidiary of a public company
- recourse to Client assets
- those related to investing in transportation and infrastructure assets (including, among other things, risks associated with the general economic climate, the financial condition of lessees, buyers, and sellers of transportation assets, supply and demand for transportation assets, prevailing economic conditions in the markets in which transportation assets generally operate, a substantial or extended decline in world trade, and risks inherent generally in investing in (i) the aviation industry, (ii) containers, (iii) the shipping industry, (iv) energy, including processing, storing, distributing, mining and marketing, (v) utility assets, (vi) the railroad industry, (vii) port assets, and (viii) the telecommunication industry)
- those related to investing in excess mortgage servicing rights or mortgage servicing rights (including, among other things, changes in interests rates, prepayment speeds, delinquency rates, recapture rates, frequency and size of defaults, ineffective risk management efforts, information systems disruptions, limited sources of financing, inability to properly hedge transactions, the ability of third party servicers to service mortgage loans underlying mortgage servicing rights, ratings agency risk, and risks related to lack of available market comparisons)
- those related to investing in non-performing loans and related assets (including, among other things, risks due to the dependence on cash flows, investments in distressed assets, the financial condition of the borrowers of the non-performing loans, changes in availability of debt financing or financing at attractive pricing, law, local governmental regulations and various administrative guidelines relating to owning and servicing non-performing loans that are complex or unclear or otherwise difficult to comply with, changes in tax and other laws and regulations applicable to real estate assets and non-performing loans, and special servicer related risks)
- those related to investments in financial instruments that are inherently highly leveraged

Regulatory Risk

There can be no assurance that the Clients, their general partners, or any of their affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against Fortress or any of its affiliates, or such sanction is small in monetary amount, the Clients, their general partner, adviser and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.

Systems Risk and Cybersecurity

Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Fortress increasingly relies on information and technology systems to conduct its business. Such systems might, in some circumstances, be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect Clients. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which Clients invest, harm Fortress's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

A more detailed description of the risks associated with Clients may be included in the Offering Documents of the respective Private Funds, a copy of which is provided to prospective investors and should be carefully reviewed prior to investing, and, with respect to the PCVs or other publicly traded vehicles, in publicly available documents filed pursuant to each public company's disclosure requirements.

Investment Instruments Utilized

Fortress does not recommend a particular type of investment instrument to its Clients, Fortress instead recommends and invests in multiple investment instruments to correspond with the particular investment strategy employed by a given Client. Indeed, in the course of providing investment advice to its various Clients, Fortress may utilize a wide variety of investment instruments, including but not limited to: equity and debt securities (registered or unregistered and illiquid); warrants; commercial paper; U.S. government securities; option and futures contracts on securities and commodities; currencies; notes, loans, participations and trade claims, including in respect of companies in bankruptcy or financial distress; real property; various receivables; instruments and structured products that derive their value from any of the foregoing and other types of securities, assets or instruments.

Fortress may, from time to time, purchase equity or debt securities in initial or secondary public offerings on behalf of Clients when such securities become available and are otherwise consistent with the investment objectives and restrictions of the relevant Client. Such investments are generally expected to be allocated based on the relative net asset value of the participating Clients for which the investment is deemed appropriate, although Fortress may allocate the investment in a different manner based on the particular facts and circumstances at the time of investment.

All of these investment types are highly speculative in nature, and there can be no assurance that the Client's investment objectives will be achieved. Clients (and, in turn, the underlying investors in such Clients) must be prepared to bear the risk of a total loss of their investment.

More detailed information about the types of investments that Fortress may make on behalf of Clients, and the corresponding risks, is provided in the Offering Documents provided to investors in the Private Funds and in the managed account agreements provided to Clients, as applicable, and, with respect to the PCVs or other publicly traded vehicles, in publicly available documents filed pursuant to each public company's disclosure requirement.

ITEM 9

DISCIPLINARY INFORMATION

Neither Fortress nor any of its executive officers, members of its investment committees or portfolio management committees or other “Management Persons” as defined in Form ADV has been subject to the legal or disciplinary events related to this Item or otherwise is required to disclose any event required by this Item other than as set out below.

We note, however, that in late October 2010, the CME Group Market Regulation Department (“CME”) notified Fortress that it was approaching a single month speculative position limit of the Chicago Board of Trade (“CBOT”), a designated contract market of the CME, in wheat futures contracts. Upon receiving that notification, the Firm immediately reviewed its position and after concluding that it had in fact exceeded the speculative position limit, quickly reduced the excess position and brought the position back into compliance with the applicable limit. On August 24, 2012, the CME initiated an action before the CBOT Business Conduct Committee (“BCC”) based on the violation that occurred in October 2010, seeking penalties and disgorgement of approximately \$350,000 in profits resulting from the excess position. The October 2010 violation involved an unintentional overage of approximately 7%, which was corrected within approximately three regular trading hours. Fortress chose to defend the action rather than settling it, arguing that, based on applicable rules, the appropriate sanction was only a warning letter. This was Fortress’s first ever violation of any CBOT, CME or CFTC rule. Prior to the violation, Fortress was in the process of implementing an automated system to monitor applicable limits across client accounts. Shortly after the violation, Fortress completed the implementation, and there have been no subsequent position limit violations. On November 27, 2012, Fortress appeared before the BCC in a contested hearing and was fined \$90,000 and ordered to pay disgorgement of approximately \$350,000. Following an appeal, the decision became final on July 22, 2013.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer

Interests in Fortress Private Funds are generally offered through Fortress Capital Formation LLC, a Fortress affiliate which is an SEC registered broker-dealer and a member of FINRA, as placement agent (“Placement Agent”). The Placement Agent is a limited purpose broker-dealer and is not utilized by Fortress to execute securities transactions on behalf of Clients. The Placement Agent will change its status with FINRA and become a capital acquisition broker on April 14, 2017. Representatives of the Placement Agent are employees of an Investment Advisory Affiliate that controls or is under common control with an Investment Advisory Affiliate that provides investment advisory services to the Private Fund being placed. Since the Placement Agent is under common control with Fortress, there is a conflict between the interests of investors with those of the Placement Agent. The Placement Agent is not currently compensated for selling interests in Fortress Private Funds; rather, the Placement Agent has an expense sharing agreement with a Fortress affiliate, and, on a monthly basis, is paid for its placement agent services with an amount equal to the expenses incurred by the Placement Agent in the prior month plus 1%. However, the Placement Agent is an affiliate of Fortress, and the Placement Agent’s personnel, as well as certain other Fortress employees, are compensated by an affiliate of Fortress in connection with an offering. Accordingly, the Management Fees, Promote and other compensation received by Fortress or its affiliates in connection with Clients create a conflict between the interests of the Placement Agent and those of prospective investors.

Commodity Pool Operator

Effective January 1, 2013, certain of Fortress’s Investment Advisory Affiliates registered as commodity pool operators (“CPO”) with the Commodity Futures Trading Commission (“CFTC”) and became members of the National Futures Association (“NFA”). Generally, Fortress’s CPOs provide their services exclusively to “qualified eligible persons” under CFTC Rule 4.7 or to commodity pools operating pursuant to CFTC Rule 4.13(a)(3). The CPOs are Fortress Credit Advisors LLC, and Fortress Japan Opportunity Management LLC and two of Fortress’s management personnel act as the Associated Persons for both. In addition, Drive Shack Inc. (formerly known as Newcastle Investment Corp.) and New Residential Investment Corp. each filed a claim for relief from CPO registration under CFTC Letter No. 12-44.

Investment Adviser

As described further in Item 4 (Advisory Business), Fortress is affiliated with the following Investment Advisory Affiliates:

Drawbridge Global Macro Advisors LLC
Drawbridge LDVF Patent Advisors LLC
Drawbridge Long Dated Value Advisors LLC
Drawbridge Real Assets Advisors LLC
Drawbridge Special Opportunities Advisors LLC
FCO MA LSS Advisors LLC

FCO MA SC Advisors LLC
 FCO MA Centre Advisors LLC
 FCO MA Sup Advisors LLC
 FCO MA III Advisors LLC
 FCO MA IV Advisors LLC
 FIG Transportation Fund Management LLC
 Fortress Credit Advisors LLC
 Fortress Credit Funding III GP LLC
 Fortress Credit Funding IV GP LLC
 Fortress Credit Funding V GP LLC
 Fortress Credit Funding VI GP LLC
 Fortress Credit Opportunities Advisors LLC
 Fortress Credit Opportunities I GP LLC
 Fortress Credit Opportunities III Advisors LLC
 Fortress Credit Opportunities IV Advisors LLC
 Fortress Credit Opportunities IVA Advisors LLC
 Fortress Credit Opportunities MA Advisors LLC
 Fortress Credit Opportunities MA II Advisors LLC
 Fortress Credit Opportunities MA MAPLE LEAF Advisors LLC
 Fortress Dubai Transportation & Infrastructure Advisors Ltd
 Fortress Global Opportunities (Yen) Advisors LLC
 Fortress Japan Opportunity Management LLC
 Fortress Life Settlements Advisors LLC
 Fortress Mortgage Opportunities Advisors LLC
 Fortress MSR Opportunities Fund Management LLC
 Fortress OPS LLC
 Fortress Net Lease Advisors LLC
 Fortress Partners Advisors LLC
 Fortress Real Estate Opportunities Advisors LLC
 Fortress Special Opportunities Advisors LLC
 Fortress VRF Advisors I LLC
 FRO REOC Advisors LLC
 ATP Management LLC
 Pangea CLO Management, LLC
 Sargas Asset Management, LLC
 Taberna European Capital Management, LLC
 TP Management LLC
 Drawbridge (UK) LLP
 Fortress Investment Group (Australia) Pty Ltd
 Fortress Investment Group (UK) LTD
 Fortress Investment Group (Japan) GK
 FC BSL CM LLC
 FC BSL II CM LLC
 Fortress Italian NPL Opportunities Fund Advisors LLC
 Fortress Japan Income Management LLC
 Fortress MSR Opportunities MA I Management LLC
 Fortress Real Estate Opportunities Advisors LLC
 Fund I Liquidating MM LLC
 Fortress MSR Opportunities Fund II Management LLC
 FCO III CLO GP LLC

FCO MA MI Advisors LLC
Fortress Real Estate (HK) Limited
Logan Circle Partners LP
Logan Circle Partners Investment Management LLC
Fortress MK Advisors LLC
FCF JPEL Management LLC
Fortress Secured Lending Advisors LLC

All of these Investment Advisory Affiliates are either wholly owned by, or under common control with, FIG LLC.

Insurance Company and Real Estate Broker

Certain Clients indirectly own a majority interest in OneMain Holdings Inc. (formerly known as (Springleaf Finance Inc.), a financial services holding company, which in turn owns two insurance companies.

Additionally, Fortress Investment Group (Japan) GK (“FIG Japan”), a Fortress affiliate, holds a real estate brokerage license, which is required for an entity to engage in the business of selling real estate in Japan, which FIG Japan may do on behalf of certain Clients.

Interests in Third Party Investment Advisers

Fortress affiliates maintain minority interests in certain third party investment advisers. Such investment advisers provide advisory services to unaffiliated funds in which Clients have invested. To the extent that fees are charged by such investment adviser with respect to the Client’s investment, Fortress rebates the Client’s fees to offset the fee income received by the Fortress affiliate as a result of such investment.

Conflicts

Information regarding Fortress’s management of potential conflicts is discussed in Item 11 below.

ITEM 11
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING**

Code of Ethics.

Fortress is subject to a Code of Ethics (the “Code of Ethics”) which sets out standards of business and personal conduct for each employee (which for these purposes may include other persons such as certain consultants, advisors, temporary employees and other persons designated from time to time) and addresses conflicts that may arise from personal trading by such persons and provides for disciplinary sanctions for violations of the Code of Ethics.

The Code of Ethics is available upon written request of current or prospective investors in the Clients. The policies and procedures set forth in the Code of Ethics recognize that as an investment adviser, Fortress is in a position of trust and confidence with respect to Clients and has a duty to place the interests of Clients before the interests of Fortress and its employees unless otherwise disclosed. This duty includes an obligation to address and mitigate conflicts of interest. However, Fortress may have a conflict of interest in that it is the one identifying such conflicts.

The Code of Ethics also recognizes that as an investment adviser registered under the Advisers Act, Fortress has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws. The Code of Ethics includes, among other things, requirements with respect to standards of conduct in dealings with various parties and regarding conflicts of interest with Clients.

Personal Trading

Under the Code of Ethics, Fortress principals and employees are generally not permitted to purchase or sell, directly or indirectly, any security that is currently held by a Client or that is, to his or her knowledge, being considered for purchase or sale by a Client; provided, however, that the Fortress Legal and Compliance Department may approve such a trade for employees who are not involved in portfolio management or trading on behalf of a specific Client within the relevant business when the proposed purchase or sale is: (a) an equity transaction involving less than 1% of the trailing 50-day average daily volume of an issuer, provided that such issuer has a market capitalization greater than \$1 billion; or (b) determined to be a transaction that is unlikely to have an economic impact on any Client or on any Client’s ability to purchase or sell the same or similar securities. It is possible, in such circumstances, that a Fortress principal or employee may buy or sell the same securities at a better price for its own account than a Client that buys or sells the same securities on the same day. In addition, Fortress may purchase or sell for a Client securities of an issuer in which its employees also have a position or interest.

Other restrictions applicable to the personal trading of Fortress employees include, for example, a 30-day holding period, a prohibition against trading securities listed on Fortress’s Restricted Trading List, a prohibition against short selling, prohibitions against writing options or futures contracts, and a prohibition against participating in any joint transaction with a Client in violation of applicable law.

In addition, the Code of Ethics requires, with limited exceptions, that all reportable personal securities transactions by a Fortress principal or employee be pre-approved by an authorized member of the Fortress Legal and Compliance Department, and, in some cases, by senior business personnel. In certain instances, the Principals and other senior executive employees may utilize the assistance of employees who report to them in fulfilling this requirement.

Recommendations of Securities in which Fortress or an Affiliated Person has Some Financial Interest

Fortress engages in a broad spectrum of activities, including direct (or principal) investment activities for its own account and investment advisory activities that, with respect to any particular Client, are independent from, and may from time to time conflict with, overlap with or compete with, the investment activities of other Clients. As a result, Fortress is subject to various potential conflicts of interest.

Fortress invests in and provides investment advisory services with respect to initial public offerings (“IPOs”) or other new issues which may include those sold or issued by the Permanent Capital Vehicles or companies that are owned, in whole or in part, by Clients (such as portfolio companies). Fortress may cause Clients to invest in securities or other interests sold or issued by entities in which Fortress or a related party, including a principal, has an interest. Such interest may result from, among other things, a direct or indirect investment in the applicable entity, a Fortress employee or principal serving as an officer or director of the entity or from Fortress receiving, directly or indirectly, Management, Promote or other fees from such entity. This may also result in causing Clients to invest in the IPOs or other new issues of companies that Fortress manages or that are owned by other Clients that Fortress manages.

In addition, Fortress employees or other Affiliated Persons may have a direct or indirect ownership interest in a Private Fund, Managed Account, or Permanent Capital Vehicle as a result of (1) direct investments in such Clients; (2) ownership interests in Fortress affiliates (including, without limitation, Investment Advisory Affiliates) that are entitled to receive Management Fees and/or Promote from Clients (often referred to as “points” or “carry”). Affiliated Persons may also have interests in service providers that receive compensation from a Client or portfolio company or other investment of a Client.

Further, certain Clients, from time to time and consistent with applicable law and agreements, may be invested in Fortress’s other Clients.

Cross Transactions and Principal Trades

From time to time, subject to applicable investment guidelines and restrictions, Fortress may acquire a security in a proprietary account temporarily on behalf of a Client and then transfer the security to the Client account (*e.g.*, through a “warehousing” transaction).

In addition, Fortress may direct one Client account to sell securities to another Client account, including Client accounts in which Fortress or its personnel may have a proprietary investment, through a so called “cross transaction”, when Fortress deems the transaction to be in the best interest of each participating Client (*e.g.*, for rebalancing or tax purposes, liquidity purposes or to reduce transaction costs that may arise in an open market transaction). Such

cross transactions may be made with or without the services of a broker-dealer. When effecting cross transactions between Clients, Fortress may have conflicting loyalties and responsibilities with respect to each participating Client and Fortress will generally rely on the applicable valuation procedures to determine the appropriate price to effect the transaction. To the extent that any such transaction qualifies as a “principal transaction” (*i.e.*, where Fortress is acting as principal for its own account and knowingly transacts with a Client) under the Investment Advisers Act, Fortress will conduct such transaction in accordance with the provisions of Section 206(3) of the Investment Advisers Act.

In addition, Fortress conducts a number of activities to address, monitor and manage such potential conflicts, including those related to cross trades between and/or among Fortress and its Clients. Various members of the Firm’s Legal and Compliance Department are involved in oversight, review and approval of cross trades in a number of ways depending on the context of such trades. Furthermore, where deemed necessary in Fortress’s discretion, actual or potential conflicts in connection with a cross trade are brought to Clients’ advisory boards for approval (or, in the case of the Permanent Capital Vehicles, their respective public company boards). Fortress may have a conflict of interest in deciding whether to go to the board.

Allocating Investment Opportunities and Related Conflicts of Interest

The investment objectives and programs of a Client, or of Fortress itself, may be similar to, or overlap with, the investment objectives and proposed investment programs of other Fortress Clients or Fortress itself and, therefore, certain Clients regularly compete for investment opportunities with each other and potentially with Fortress. Further, information relating to investment opportunities may be shared across the investment management teams for the different Clients of Fortress. As a result, the allocation of investment opportunities gives rise to potential and actual conflicts of interest.

Allocation of limited investment opportunities

In making allocation decisions with respect to limited investment opportunities that could reasonably be expected to fit the investment objectives of multiple Clients, portfolio companies of Clients, or of Fortress itself, Fortress anticipates that it may consider one or more of the following factors that it deems relevant, including but not limited to: the investment objectives of Clients, the source of the investment opportunity, any exclusive rights to investment opportunities that may have been granted to particular Clients, the expected duration of the investment in light of Clients’ investment objectives and policies (including diversification policies), the amount of available capital, the size of the investment opportunity, regulatory and tax considerations, the degree of risk arising from an investment, the expected investment return, relative liquidity, likelihood of current income or such other factors as Fortress deems to be appropriate. Among others, these factors provide substantial discretion to Fortress in allocating investment opportunities. Further, two or more Clients may hold an investment for which there is extremely limited, or no, liquidity or that is subject to legal or other restrictions on transfer. In a situation where Fortress is limited in its ability to dispose of an investment, Fortress may consider the factors described above in allocating the sale of such an investment.

Certain Private Funds managed by Fortress may have a right of first refusal with respect to investments falling within the scope of such fund's "primary investment objective" (such provision being known as an "exclusivity grant"). While exclusivity grants are limited in scope and duration, they may nonetheless result in an investment opportunity being offered solely to a Client with an exclusivity grant even though the investment opportunity is within the investment objective(s) of one or more additional Clients.

If an investment opportunity is available in limited quantities, Fortress may have an incentive to allocate such investment opportunity to Fortress or its employees or to one Client rather than other Clients. For example, such an incentive may arise if the economic interests of Fortress and its employees in certain of these Clients, when combined with their rights to Management and/or Promote or other fees, are significantly larger than their direct and indirect economic interests in other Clients. Such an instance may lead to fewer, and less attractive, investment opportunities being made available to Clients than would have been the case had Fortress and its employees been restricted from pursuing proprietary investments and/or investment programs on behalf of Clients.

Fortress's portfolio managers may, from time to time, seek to purchase equity or debt securities in initial or secondary public offerings on behalf of multiple Clients, including those sold or issued by companies that are owned, in whole or in part, by Clients (*i.e.*, Fortress portfolio companies). In certain cases, such initial or secondary public offerings may be limited in nature and Clients may receive less than they would if there were not other Clients competing for such investments. In all of the foregoing, Fortress may have a conflict of interest.

Potential conflicts due to overlapping Client investments

Where Clients, Fortress itself, or its employees hold the same investment, the differing investment objectives of such Clients, as well as other factors applicable to the specific situation, may result in a determination to dispose of, or retain, all or a portion of such investment on behalf of a Client (or on behalf of Fortress itself or its employees) at different times as such investment or portion thereof is being disposed of, or retained, by other Clients. In addition, particularly with respect to illiquid or private investments, conflicts of interest can arise when disposing of a particular investment which would be beneficial for one Client while retaining such investment would be beneficial for another Client. Fortress may also invest in securities on behalf of one Client (or Fortress itself or its employees may purchase such securities) that may differ from investments made on behalf of other Clients, even though the investment objectives of other Clients may be similar. Moreover, Fortress (in respect of its proprietary investments or those of a Client) and Fortress's employees may make investments or engage in other activities that reflect views with respect to an investment, a particular security or relevant market conditions that are inconsistent with the views underpinning decisions made by Fortress with regard to the investments of a particular Client. For example, Fortress may hold a long position in a security while a Client may be short in the same security.

In addition, Fortress expects to make other business decisions on behalf of certain Clients relating to investments independent of the manner in which it approaches a

similar or even the same investment held by other Clients. Consequently, Fortress, on behalf of certain Clients, may choose not to hedge certain risks that other Clients hedge, or certain Clients may be exposed to risks of financing on an investment when other Clients are not. Further, in some instances, Fortress may choose to coordinate its Clients' activities (such as timing dispositions in an orderly way in order to avoid affecting the share price of an investment in an unduly volatile manner) with respect to investments held by more than one Client, when it would theoretically be possible for Fortress to act unilaterally with respect to a particular Client's holdings in such investment. Such coordination could have the effect of lowering returns for a particular Client with respect to an investment relative to what might have been achieved absent such coordination.

Should a particular Client invest in something in which other Clients hold an interest, the investment by such Client could be viewed, especially in hindsight, to have been made on a non-arm's length basis and could have an effect (either positive or negative) on the market price of the initial investment.

It is not uncommon for a Client, or Fortress itself, to hold interests in an entity that are of a different class or type than the class or type of interest held by another Client. For example, one Client may hold securities in an entity and other Clients may hold equity or debt of such entity that are senior or junior to the securities held by the first Client, which could mean that all such Clients will be entitled to different payment or other rights, or that in a workout or other distressed scenario the interests of one Client might be adverse to those of other Clients and one Client might recover all or part of its investment while the other Clients might not. Clients will not be required to take any action or refrain from taking any action to mitigate another Client's losses in such a scenario, and Fortress will make decisions on how to resolve such situations in its sole discretion. In all such situations above, Fortress may have a conflict of interest.

Restrictions on Client Trading Activities Resulting from the Acquisition of Material Non-Public Information

Fortress employees regularly acquire confidential information and Fortress may enter into confidentiality and/or "standstill agreements" when assessing investment opportunities. By reason of its various activities, Fortress and its employees may have access to material non-public information about an issuer ("MNPI"). For example, an employee of Fortress may from time to time serve as a director, or in a similar capacity, or as an executive officer, with respect to companies (including Permanent Capital Vehicles), the securities of which may be purchased or sold on behalf of Clients, where such service may prohibit all Clients from engaging in transactions in certain issuers. Additionally, employees of Fortress may acquire MNPI in the ordinary course of their investment activities, which acquisition may result in restrictions on a Client's ability to sell a portfolio investment at a time when it might otherwise have done so. Any of these activities could prevent Clients from buying or selling securities or other interests in an issuer, potentially for an extended period.

Potential Regulatory Limitations/Obligations and Information Barriers

Logan Circle Information Barrier

For the purposes of this paragraph and for ease of reference, Fortress and its non-Logan Circle affiliates and personnel will be referred to as “Fortress Parties.” The activities of the Fortress Parties are generally separate from Logan Circle. Fortress has adopted policies and procedures to segregate the Fortress Parties and Logan Circle from each other (such policies and procedures being referred to as the “Logan Circle Information Barrier”) that are designed: (1) to establish a wall between the Fortress Parties and Logan Circle for the purpose of shielding the Fortress Parties and Logan Circle and their respective personnel from material non-public information that may exist from time-to-time on the opposite side of the Logan Circle Information Barrier, and (2) to prevent coordinated investment activities among the Fortress Parties’ investment professionals and Logan Circle’s investment professionals. Consequently, the Fortress Parties and Logan Circle will generally manage investment portfolios on a separate basis and will not exchange information or ideas concerning actual or potential investments.

Graticule Asset Management Asia LLC (“GAMA”) Information Barrier

For the purposes of this paragraph and for ease of reference, Fortress and its non-GAMA affiliates and personnel will be referred to as “Fortress Parties.” The activities of the Fortress Parties are generally separate from GAMA. Fortress has adopted policies and procedures to segregate the Fortress Parties and GAMA from each other (such policies and procedures being referred to as the “GAMA Information Barrier”) that are designed: (1) to establish a wall between the Fortress Parties and GAMA for the purpose of shielding the Fortress Parties and GAMA and their respective personnel from material non-public information that may exist from time-to-time on the opposite side of the GAMA Information Barrier, and (2) to prevent coordinated investment activities among the Fortress Parties’ investment professionals and GAMA’s investment professionals. Consequently, the Fortress Parties and GAMA will manage investment portfolios on a separate basis and will not exchange information or ideas concerning actual or potential investments.

Notwithstanding the Logan Circle Information Barrier and the GAMA Information Barrier policies and procedures, conflicts of interest may exist among Fortress, Logan Circle and GAMA. Such conflicts of interest may include issues concerning the investments made by Clients in entities or assets in which Logan Circle or GAMA may also invest for their clients.

Other Potential Regulatory Limitations

Certain Clients may be subject to regulatory or legal restrictions that are applicable only because other Clients are also invested in the same securities. For example, position limits – *i.e.*, the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument – imposed by various regulators may limit Fortress’s ability to effect certain desired trades for Clients. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if one Client’s account does not exceed applicable position limits, it is possible that positions held by other Clients may be required to be aggregated for purposes of applying position limits and, as such, a Client may be prevented from owning certain investments

because of the activity of other Clients. If at any time any aggregated positions managed by Fortress were to exceed applicable position limits, Fortress would be required to liquidate positions in some or all of its Client accounts to the extent necessary to come within those limits. Fortress will choose whether and how to liquidate positions to maintain compliance with the applicable limits in its sole discretion. Generally, Clients may be prevented from participating in investments, or disposing of them at an otherwise opportune time, due to regulatory constraints, including those that apply by virtue of the advisory, control or other relationship between Fortress or its affiliates (including SoftBank after the Merger), on the one hand, and the Client, on the other, and which would not otherwise apply to the Client.

Fortress Investment Group LLC is a Publicly Traded Company

As mentioned above, Fortress's ultimate parent is publicly traded on the NYSE. As a public company, Fortress is subject to the risk of investigation or litigation by regulators or its public shareholders arising from an array of possible claims, including shareholder dissatisfaction with the performance of its businesses or its share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest or investment allocations. As Fortress Investment Group LLC is the ultimate parent of all of Fortress's Investment Advisory Affiliates, any such investigations into or claims brought against Fortress could divert time, attention and resources away from its investment advisory business. Additionally, as a public company, Fortress is subject to a number of reporting and regulatory regimes, including the U.S. Sarbanes-Oxley Act of 2002 and the reporting provisions of U.S. Securities Exchange Act of 1934 (the "Exchange Act"). Compliance with any such laws similarly requires the time, attention and resources of Fortress and its executive officers that might otherwise be devoted to its Clients, which diversion may result in an adverse effect on its Clients.

In addition, Fortress may have certain obligations to its public equity holders, which may pose potential conflicts of interest regarding the activities conducted, and decisions made, on behalf of Fortress's Clients, including Fortress's ability to disclose certain Clients' performance information.

If the Merger is consummated, Fortress will become a subsidiary of SoftBank, a company listed on the Tokyo Stock Exchange. See Item 2 (Material Changes). This may result in demands on the time, attention and resources of Fortress and its executive officers similar to or greater than those imposed by Fortress's public company status described above.

Potential Benefits from Portfolio Companies

In order to encourage greater knowledge and understanding of their products and services, or as a general matter for "friends and family", certain portfolio companies owned by Clients may, from time to time, offer product and service discounts to Fortress employees.

ITEM 12

BROKERAGE PRACTICES

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

Clients' securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Clients will be obligated to pay. Fortress has discretion in deciding which brokers-dealers a Client will use and in negotiating the rates of commissions a Client will pay. Fortress will buy and sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. In selecting brokers and dealers to effect portfolio transactions for its Clients, Fortress seeks to obtain best execution, taking into consideration the price of a security offered by a broker-dealer, as well as the full range and quality of such broker-dealer's services, including, among other things and to the extent applicable, price, transaction costs, ability to effect transactions, reliability and financial responsibility, responsiveness to Fortress, access to company management, access to deal flow and precedent transactions, ability to provide financing commitments, the broker-dealers' provision or payment of the costs of research and other services or property that are of benefit to the applicable Client or to Fortress and other factors that Fortress deems appropriate to consider under the circumstances. If Fortress decides, based on the factors set forth above, to execute over-the-counter ("OTC") transactions on an agency basis through Electronic Communications Networks ("ECNs"), it may also consider one or more of the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs, and the level of care and attention that will be given to smaller orders. Fortress does not in all cases solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if Fortress determines that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the brokerage and products or services provided by such broker-dealer, the Client may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge. In addition, in the ordinary course of business, Fortress may utilize broker-dealers that employ Affiliated Persons and may benefit, directly or indirectly, from Fortress's brokerage business.

Research and other soft dollar benefits

Generally, research services provided by broker-dealers may include, but may not be limited to, 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. In addition, such research services may be provided in the form of access to various computer-generated data, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives. Finally, brokerage services may include post-trade services or communication services related to executing, clearing and settlement of transactions.

In accordance with the Section 28(e) of the Exchange Act, Fortress is permitted to pay higher commissions to broker-dealers than could have otherwise been negotiated in the market if it receives research or brokerage products or services from that broker-dealer if Fortress determines, in good faith, that the commission paid is reasonable in relation to the value of the brokerage and research services provided. Fortress may from time to time pay a broker-dealer commissions (or mark-ups or markdowns with respect to certain types of riskless principal transactions) for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the same transaction in recognition of the value of the research and brokerage services provided by the broker-dealer. The use of Client brokerage commissions (or mark-ups or markdowns) to obtain research or other products or services is beneficial to Fortress because it consequently does not have to produce or pay for the research, products or services. Fortress may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than the Clients' interest in receiving most favorable execution. Fortress may effect such transactions, and receive such research and brokerage services outside of the safe harbor provided by Section 28(e) of the Exchange Act.

Research and brokerage services obtained with "soft dollars" generated by one or more Clients may be used by Fortress to service one or more other Clients, and there will be instances where the research and brokerage services obtained by Fortress will not benefit a particular Client to the extent of the expense of such services for that Client. In the event that Fortress does enter into a formal soft dollar arrangement in the future, goods and services that might be provided under such arrangements could include mixed use products where Fortress may determine that a research product or service has both a research and non-research use. In this case an allocation must be made between the research and non-research functions, with the portion allocable to research being paid with commission dollars, and the non-research portion being paid by Fortress.

At least annually where applicable, Fortress considers, among other things, the amount and nature of brokerage and products or services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. However, a broker-dealer is not excluded from receiving business from a Client because it has not been identified as providing research or brokerage services.

Research services provided by broker-dealers may include, without limitation, 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 typically

received in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives.

Brokerage for Investor Referrals

Fortress has entered into agreements on behalf of certain Clients with certain broker-dealers that act as prime brokers on behalf of those Clients. From time to time, Fortress is introduced to potential investors by its prime brokers and may receive other benefits from its prime brokers. Similarly, Fortress, on occasion, receives similar benefits from other broker-dealers or counterparties it transacts with from time-to-time. Fortress or its Clients may compensate such third party brokers for introducing Fortress to potential investors or for any investments ultimately made by such investors. Such introductions and other products or services Fortress may receive from such third party brokers may present a potential conflict of interest to the extent Fortress uses such brokers in connection with brokerage, financing and other activities on behalf of its Clients, since Fortress may have an incentive to select brokers based on its interest in receiving such introductions and other products or services rather than seeking the most favorable execution on behalf of its Clients.

From time to time, Clients may accept subscriptions from full-service financial firms (or their related persons) that are investing on their own behalf or on behalf of third-parties. The financial service firms may have related entities that include broker-dealers and Fortress may from time to time utilize these broker-dealers when Fortress believes that use of a particular broker-dealer is appropriate under the circumstances.

Directed Brokerage

Fortress has discretion in deciding which broker-dealer its Clients will use and in negotiating the rates of commissions that Clients will pay and may, under certain circumstances, permit Clients to direct brokerage (in which case Fortress may not be able to aggregate orders to reduce transaction costs).

Liability of Fortress for Certain Acts or Omissions, Including Trade Errors

On occasion, trades may be executed on behalf of a Client that are inconsistent with the trading instructions of a Fortress portfolio manager or are the result of some other error in the trading process. Such trades are known as "Trade Errors" and are deemed to have occurred when, as a result of such inconsistency or other error in the process: (i) the wrong investment is purchased or sold; (ii) the wrong quantity of an instrument is purchased or sold; (iii) a purchase is made instead of sale or sale is made instead of a purchase; (iv) there is a material misallocation of a trade to a Client or (v) an investment is purchased or sold in violation of regulatory or contractual obligations. Trade Errors do not include scenarios that do not result in a trade. Trade Errors frequently result in losses but may, occasionally, result in gains. Fortress or its Investment Advisory Affiliate will endeavor to detect Trade Errors before settlement and correct and/or mitigate them in an expeditious manner. To the extent a Trade Error is caused by a third party, such as a broker, Fortress or its Investment Advisory Affiliate may seek to recover any losses associated with the Trade Error from such third

party, but may choose not to do so in its discretion and Fortress and Fortress's Investment Advisory Affiliates will not be liable for such losses. Similarly, if there is a material misallocation of a trade between Clients, Fortress or its Investment Advisory Affiliate will endeavor to remedy such misallocation, but may not ultimately be able to do so and Fortress and its Investment Advisory Affiliates will not be liable for such losses. Unless a Trade Error has resulted from the willful misconduct or gross negligence of Fortress or its Investment Advisory Affiliate, any losses will be borne by the Client(s) concerned. Any gains resulting from a Trade Error will be for the benefit of the Client(s) concerned. Fortress or its Investment Advisory Affiliate will determine in its sole discretion whether any Trade Error has resulted from willful misconduct or gross negligence on its part. Investors should be aware that, in making such determinations, Fortress or its Investment Advisory Affiliate will have a conflict of interest.

In addition, Fortress or its Investment Advisory Affiliate will not generally be liable to any Client or investor in such Client for any of the acts or omissions of Fortress or its Investment Advisory Affiliate in connection with a Client or any investment made or held by a Client unless such act or omission constituted gross negligence or willful misconduct. Fortress or its Investment Advisory Affiliate may consult with legal counsel and accountants with respect to its Clients' affairs and will be held harmless in any action or inaction that is taken in accordance with the advice or opinion of such counsel and/or accountants, provided that they have been selected in good faith. The foregoing should not be construed so as to provide for the exculpation of Fortress or its Investment Advisory Affiliate (including liability under federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent that such liability may not be waived, modified or limited under applicable law, but will be construed so as to effectuate the foregoing to the fullest extent permitted by law.

To the extent Fortress determines that a particular trade is suitable for more than one Client, transactions may be aggregated for all participating Clients. If an order is not filled at the same price, it may be allocated on an average price basis among the participating Clients. Similarly, if an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, it is generally expected that the trade will be allocated among the participating Clients in the proportions that would have applied if the order could be fully executed.

ITEM 13

REVIEW OF ACCOUNTS

Designated personnel of Fortress review Clients' investment positions on a periodic basis and in some cases as frequently as daily. The individuals primarily responsible for account reviews are chief investment officers and other investment professionals, including those individuals acting as portfolio managers of a given Client, although other persons who are not investment professionals may be substantially involved and/or responsible for carrying out such reviews.

Content and Frequency of Account Reports to Clients

Fortress prepares periodic reports/letters to provide to its Clients and/or Clients' underlying investors, detailing the performance and composition of such Client's investments. As a general matter, such reports/letters are prepared and issued monthly for the Fortress open ended Private Funds and quarterly for the Fortress closed end Private Funds, and, with respect to the Permanent Capital Vehicles, are made publicly available on a quarterly basis through periodic SEC filings. The Private Funds and Permanent Capital Vehicles are also subject to review by independent public accountants, which results in annual audited financial statements being produced for each such Client. Managed Accounts will generally receive reports with the same frequency as the Private Funds to which they relate or as otherwise determined on a case-by-case basis and may also be reviewed by an independent public accountant, resulting in the production of annual audited financial statements.

For additional information related to the types and frequency of reports provided to Clients, please see the relevant Offering Documents, to the extent applicable.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, Fortress utilizes third-party placement agents in connection with the sale of interests in certain Clients to underlying investors and compensates such third-party placement agents for their services. Any compensation paid to third-party placement agents in connection with either Client referrals or the sale of interests in certain Clients to underlying investors would ultimately be borne by Fortress unless otherwise agreed to with the relevant Client.

As further described in Item 10, Fortress Capital Formation LLC (“FCF”), an affiliated entity and an SEC registered broker-dealer and member of FINRA, serves as placement agent for Private Funds in the U.S. Certain employees who are registered representatives of FCF may be compensated based on a variety of factors, including the amount of capital they raise for Private Funds and Managed Accounts.

ITEM 15

CUSTODY

With respect to its Private Fund Clients and certain Managed Accounts, Fortress complies with the custody requirements applicable to registered investment advisers (the “Custody Provisions”) by delivering audited financial statements to the investors in the Private Funds or Managed Accounts within the applicable required time frame. In certain other instances where Fortress has custody of Client assets (including holding, directly or indirectly, Client funds or securities or having the authority to obtain possession of them), Fortress may comply with the Custody Provisions by requiring that a qualified custodian send quarterly, or more frequent, account statements directly to Clients. In these instances, Clients should carefully review the statements sent by such qualified custodian. In addition, we urge Clients receiving such statements to compare the account statements received directly from the qualified custodian with those provided by Fortress.

ITEM 16

INVESTMENT DISCRETION

Subject to any limitations in the various agreements Fortress has with particular Clients, Fortress has full discretion and authority to make all investment decisions with respect to the types or amounts of securities to be bought or sold for its Clients, the broker-dealers to be used and the commission rates paid. Fortress will buy and sell securities directly from or to dealers acting as principal at prices that include mark-ups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

As discussed above, the investment strategies for the Managed Accounts may, on occasion, restrict Fortress's ability to invest in certain securities or types of securities for that account. Fortress enters into agreements to advise Managed Accounts only under limited circumstances and the advisory services provided to each such Client, are negotiated on a case-by-case basis.

The extent of Fortress's discretionary authority is set forth in the Offering Documents or Managed Account agreement applicable to each Client. Clients typically execute an investment management agreement providing a power of attorney to an Investment Advisory Affiliate of Fortress to manage the Client's assets. The subscription agreements and organization documents entered into by investors in Clients that are Private Funds give Investment Advisory Affiliates of Fortress discretionary authority to manage the assets invested by such investors in those Private Funds.

ITEM 17

VOTING CLIENT SECURITIES

Fortress has adopted policies and procedures related to voting proxies on behalf of its Clients. The general policy of Fortress is to vote proxy proposals, as well as amendments, consents or resolutions relating to Client securities (including interests in private investment funds, if any) in a manner that serves the best interests of its Clients. With respect to certain Client accounts and securities, Fortress has engaged the services of a third-party proxy voting service, Institutional Shareholder Services, Inc. (“ISS”). Fortress relies upon the service to vote both domestic and global proxies for such Client accounts. For certain other Client accounts and securities, Fortress determines, in its sole discretion, how to vote the proxies and processes and votes the securities itself. In determining how to vote such proxies, Fortress may take into account factors such as: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; (iv) industry and business practices; and (v) the degree to which Client interests are aligned with those of an issuer's management. In some circumstances, Fortress will refrain from voting proxies where Fortress believes, among other reasons, that voting would be inappropriate, taking into consideration the cost of voting the proxy, the anticipated benefit to Clients, whether Fortress’s Clients continue to hold the securities on the voting date, or where the portfolio manager believes that resolution of the proxy is not relevant to the value of the investment. In those instances where the Client has reserved to itself the right to vote proxies, Fortress will not participate in the voting of proxies. It is possible for conflicts of interest to arise in the context of Fortress’s proxy voting.

A copy of Fortress’s proxy voting policies and procedures can be obtained upon request. Clients that have questions about these policies and procedures, or how we voted a particular proxy should feel free to contact Fortress’s Capital Formation Group.

ITEM 18
FINANCIAL INFORMATION

Fortress is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

Fortress's required Exchange Act filings, including its latest Form 10-Q and Form 10-K, are publicly available for review on the SEC's website at www.sec.gov.