

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION
PART 2A: FIRM BROCHURE

C-III INVESTMENT MANAGEMENT LLC

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DATE OF BROCHURE: JUNE 6, 2011

This Brochure provides information about the qualifications and business practices of C-III Investment Management LLC (“**C-III**”). If you have any questions about the contents of this Brochure, please contact Lawrence Block, our Chief Compliance Officer, at (212) 705-5090 or at lblock@c3cp.com.

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

Additional information about C-III also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

This Brochure is part of C-III's initial filing on Form ADV for registration with the SEC as an investment adviser. This Brochure has been prepared in accordance with the SEC's final rule entitled "Amendments to Form ADV," as published on July 28, 2010.

In the future, this Item will discuss only specific material changes that are made to the previous Brochure. C-III will identify and provide its Clients (as defined below) with a summary of such changes and will reference the date of the last annual update of our Brochure.

Pursuant to new SEC rules, a summary of any material changes to this, and any subsequent, Brochure, will be prepared within 120 days of the close of our fiscal year or as necessary.

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ITEM 4: ADVISORY BUSINESS

C-III Investment Management LLC (“**C-III**”), a Delaware limited liability company, is a newly-formed investment adviser that is wholly-owned by C-III Capital Partners LLC (“**C3CP**”), a Delaware limited liability company. C3CP is an operating company that owns a number of operating entities (in addition to C-III) that are engaged in the business of owning, controlling, operating and managing real estate and real estate-related assets. (Certain of the operating companies owned by C3CP are described in Item 10 below.) C3CP is controlled, indirectly, by Island Capital Group LLC (“**ICG**”), a Delaware limited liability company of which Andrew L. Farkas is the managing member. ICG is a private real estate merchant banking firm.

C-III (i) serves as investment adviser to various pooled investment vehicles generally organized as limited partnerships or limited liability companies that invest in real estate and/or real estate-related debt and/or equity investments (“**Funds**”) and (ii) effective on or about July 1, 2011, expects to serve as collateral manager for various issuers of collateralized debt obligations (“**Managed CDOs**”). Funds and Managed CDOs are collectively referred to herein as “**Clients**.”

FUNDS

C-III provides investment advisory services to the Funds (or their general partners or managing members for the benefit of the Funds) pursuant to investment advisory agreements (each, an “**Investment Advisory Agreement**”) entered into between the Fund (or its general partner or managing member) and C-III. C-III also operates in accordance with the terms set forth in the limited partnership agreement or limited liability company agreement of each Fund, which includes specific information concerning the operation and management of each Fund. C-III generally has the authority to recommend all investment decisions for each Fund, subject to compliance with the investment criteria contained in the governing documents of the relevant Fund. Such criteria generally include, among other things, (i) approval by the Fund’s general partner or managing member, (ii) approval by the Fund’s independent representative(s) (if applicable) with respect to any principal transactions between the Fund and C-III or an affiliate and (iii) review and approval by a Fund’s advisory committee (if applicable). See also Item 16 below.

C-III identifies investment opportunities for the Funds and participates in the acquisition, management, monitoring and disposition of each Fund’s investments. Except for the initial determination as to a person’s qualifications for investment in each Fund, the individual needs of the limited partners or members in each Fund are not considered in the management of the Funds and are not the basis of investment decisions by C-III. Investment advice is provided directly to each Fund (or its general partner or managing member) and not individually to each of the limited partners/members.

Most Funds are closed to new investors. Interests in Funds are generally offered only to persons that are (i) “accredited investors,” as defined in Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”), and (ii) either “qualified purchasers” or “knowledgeable employees,” each as defined in the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and the rules thereunder.

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MANAGED CDOs

Beginning on or about July 1, 2011, C-III expects to serve as collateral manager for certain Managed CDOs pursuant to collateral management agreements among the Managed CDOs, their respective trustees and C-III (each, a “**CDO Management Agreement**”). As collateral manager, C-III generally has the authority to make all investment decisions for each Managed CDO, subject to compliance with the investment criteria contained in the governing documents of the relevant Managed CDO. Such criteria generally include, among other things, in the case of an acquisition of an investment asset by a Managed CDO, (i) approval by the independent member of such Managed CDO’s advisory or investment management committee, as applicable, with respect to any principal transaction between the Managed CDO and C-III or an affiliate and (ii) approval by one or more rating agencies. See also Item 16 below.

WRAP PROGRAMS

C-III does not participate in wrap programs.

ASSETS UNDER MANAGEMENT

As of the date of this Brochure, C-III managed ten Funds, with gross assets of approximately \$158,023,265 as of March 31, 2011. Effective on or about July 1, 2011, C-III expects to manage three Managed CDOs, with gross assets of approximately \$1,823,602,264 as of April 30, 2011.

C-III manages each of its Client accounts on a discretionary basis, subject to any reviews and approvals as described above and in Item 16 below.

ITEM 5: FEES AND COMPENSATION

C-III is compensated pursuant to the terms of the Investment Advisory Agreements and the CDO Management Agreements. C-III’s fees are paid (i) with respect to each Fund, either directly by the Fund or by such Fund’s general partner or managing member, and (ii) with respect to each Managed CDO, directly by such Managed CDO.

FUNDS

For the Fund currently offered, C-III is entitled to receive an annual management fee, payable quarterly in advance, equal to the sum of (i) 1% per annum of the uncalled capital commitments plus (ii) 1.5% per annum of the aggregate capital contributions of the Fund’s investors, from the date of the initial closing until the end of the Fund’s commitment period. Thereafter, the management fee will be reduced on a prospective basis to an amount equal to 1.5% per annum of aggregate capital contributions of the Fund’s investors other than capital contributions in respect of investments that have been disposed of or written off.

For the legacy Fund for which C-III serves as investment manager, C-III is entitled to receive a management fee, payable quarterly in arrears, equal to 0.1875% of the daily weighted average book value of such Fund’s investments.

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For other legacy Funds, the Fund's general partner, managing member or other affiliate is entitled (a) to receive a quarterly management fee (or equivalent) equal to between 0.1875% and 0.375%, payable in advance or in arrears, as applicable, based on the unreturned capital contributions of all investors in the applicable Fund or the gross value of the cost of any of the applicable Fund's investments or (b) to reimbursement for the expenses it incurs in providing advisory services to the applicable Fund. C-III, in turn, is entitled (i) to receive a quarterly investment advisory fee, payable in advance or in arrears, as applicable, in an amount equal to between 15% and 100% of the management fee (or equivalent) received by the applicable Funds' general partner, managing member or other affiliate or (ii) to reimbursement for the expenses it incurs in providing advisory services to the applicable Fund's general partner, managing member or other affiliate.

In addition, the general partner or managing member of most Funds is entitled to receive a carried interest (or promote) in a Fund in an amount ranging from 5% to 50% of the profits of, or distributions made by, the Fund, generally after the investors in such Fund receive distributions equal to their capital contributions and, if applicable, a preferred return thereon. C-III does not receive any portion of the carried interest (or promote) allocable to a Fund's general partner or managing member.

Each Investment Advisory Agreement may be terminated by either C-III or the applicable Fund (or its general partner or managing member) upon 30 days' prior written notice to the other party.

Other fees and expenses payable by each Fund generally include (i) the legal and other organizational expenses incurred in forming such Fund and related entities and obtaining commitments from the investors and (ii) the costs and expenses relating to such Fund's operations. Certain Funds may charge placement fees. Information regarding a Fund's fees and expenses, and other important information regarding an investment in such Fund, are set forth in the documents provided to eligible prospective investors.

A Fund may retain affiliates of C-III to provide necessary services and transactions relating to a Fund's investments, including, without limitation, property management, leasing, sales brokerage, construction, development, financing, loan servicing (either primary or special), marketing or other services. To the extent C-III or any of its affiliates perform any services that are included in the operating expenses of a Fund, C-III or such affiliates may charge rates customarily charged for similar services by persons engaged in the same or substantially similar activities and the terms and conditions of any such services shall be at least as favorable to such Fund as the terms reasonably expected by C-III to be available in an arm's-length transaction with an independent third party, although such compensation will not actually be determined through arm's-length negotiation.

MANAGED CDOs

As collateral manager for the Managed CDOs, C-III is paid a collateral management fee pursuant to each Managed CDO's Collateral Management Agreement. C-III is responsible for all internal expenses and overhead incurred in the performance of its obligations under each Collateral Management Agreement. C-III is entitled to reimbursement for reasonable out-of-pocket costs

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and expenses incurred in the performance of its duties under the applicable Collateral Management Agreement. C-III generally may be removed as collateral manager, without payment of any penalty, for cause upon written notice as set forth in the applicable Collateral Management Agreement (generally ten or 30 days). C-III generally has the right to resign as collateral manager upon written notice as set forth in the applicable Collateral Management Agreement (generally 30 or 90 days).

REFUNDS FOR FEES CHARGED IN ADVANCE

Investors in Funds agree to commit a certain amount of capital to a Fund before C-III provides any advisory services. Management fees assessed by the Funds are generally paid from these amounts and may be paid in advance. For Funds for which management fees are paid in advance, the terms applicable to the relevant Fund do not contemplate repayment of fees to the extent that C-III's management services terminate prior to the end of the relevant payment period. Accordingly, if C-III's services are terminated by a Client before they are provided for the applicable period, fees that have been paid in advance generally will not be pro-rated for such period and will not be returned to investors that paid those fees in advance.

SUPERVISED PERSONS

No Supervised Person (as defined in Item 11 below) of C-III accepts compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The general partner or managing member of each Fund is generally entitled to receive performance-based compensation, as set forth in such Fund's governing document. Performance-based compensation is charged in conformity with the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Performance-based compensation arrangements may create an incentive (i) for C-III to recommend, or a Fund's general partner or managing member to approve, investments that may be riskier or more speculative than those that would be recommended or approved under a different fee arrangement and (ii) to favor higher fee paying Client accounts over other accounts in the allocation of investment opportunities, either of which may create a conflict of interest for C-III and its affiliates. C-III's investment committees, and each Client's investment committee, consider such potential conflicts in recommending and approving such investment (see Item 13).

ITEM 7: TYPES OF CLIENTS

C-III provides investment advisory services to its Clients. If applicable, the minimum capital commitment for each investor in a Client is set forth in the Client's governing documents and other documents provided to eligible prospective investors. Interests in Clients are generally offered only to persons that are (i) "accredited investors," as defined in Regulation D under the Securities Act, and (ii) either "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act and the rules thereunder. Such persons and/or entities include pension funds, high net worth individuals, insurance companies, investment banks,

banks, trusts, endowments and other commingled investment funds in which the foregoing invest.

Investors in Funds execute agreements with the applicable Fund (either directly or by executing a subscription agreement for such Fund) in connection with their investment. Investors generally are not permitted to withdraw from a Fund prior to its dissolution.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Investing in securities involves risk of loss that Clients should be prepared to bear.

INVESTMENT STRATEGIES AND ASSET CLASSES

C-III provides investment advisory services with respect to equity and debt (including securitized debt) investments in commercial real estate assets, including multifamily, retail, office, hospitality and industrial/self-storage properties.

METHODS OF ANALYSIS

With respect to real estate-related investments, C-III reviews (i) the occupancy level and physical condition of the underlying property, (ii) the state of the local economy in the area where the underlying property is located, (iii) the appraised value of the underlying property, (iv) brokers' opinions of value and (v) capital expenditure requirements of the underlying assets and ability to make improvements, as well as other relevant information on a case-by-case basis. Key information includes lease terms, net effective rental rates, occupancy levels, comparable sales, appraisals, property inspections and other industry reports that are collected and analyzed regularly. Sources of information used by C-III include proprietary data, subscriptions to various publicly available sources of real estate-related information, consultations with real estate investors, operators, and experts and other professionals, supported by experts and professionals in related fields.

RISK OF LOSS

An investment in a Client involves risk. There is no certainty of return with respect to any such investment. There is no guarantee that a Client will achieve its goals, objectives or targeted returns.

Below is a summary of certain risks associated with an investment in a Client. Investors should refer to the risk factors in each Client's offering memorandum and/or governing documents for a more complete description of the risks associated with an investment in such Client.

Real Estate Risks Generally

The performance of a Client's real estate and real estate-related investments will be significantly affected by fluctuations in the value of the assets and the cash flows generated by such investments. Relevant factors include:

- the national and local economic climate;

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- changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding);
- changes in real property tax rates;
- changes in interest rates and the availability of mortgage funds (including changes that may render the sale or refinancing of properties difficult or impracticable);
- the financial resources of tenants;
- changes in building, environmental and other laws or government regulations;
- the quality of management and maintenance of the properties; and
- acts of God, war and other factors beyond the control of C-III.

A Client's receipt of income may depend upon the cash flows it derives from lease payments under leases, as well as the cash flows received by the borrowers under the debt instruments held by such Client. Therefore, the performance of a Client's investments will depend upon the ability to lease and re-lease space within the applicable properties and on the various tenants' payment of rent as required under their leases and performance of other lease obligations, such as maintenance of properties, payment of taxes, utilities and other charges and maintenance of insurance.

Certain Clients may invest in non-performing, underperforming or other troubled debt and equity real estate and real estate-related assets (including currently performing assets that may become non-performing or distressed in the future). These assets may have legal and financial risks and are experiencing or are expected to experience severe financial difficulties that may never be overcome and, accordingly, involve increased risks.

Debt Instruments

A Client may invest in fixed and floating-rate loans. Floating-rate loan investments would expose a Client to the risk of lower cash flow in the event that interest rates decrease from the date of investment. Fixed rate debt investments would expose a Client to the risk of value deterioration in the event of interest rate increases. A Client's debt investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by such Client earlier than expected, resulting in a lower return to the Client than projected.

If the borrowers under the debt instruments comprising a Client's investments default in their obligations, such Client may seek to pursue the foreclosure and other remedies, if any, available under the terms of the related loans. Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses.

A Client's debt investments may be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including

credit risk, control and management risks, liquidity risk as well as the normal or typical risks of being a lender.

Certain debt instruments in which a Client may invest may be subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and/or subject such Client to a “first loss” subordinate holder position. Debt securities and investments of the type in which a Client may invest are also subject to other risks arising out of the laws governing creditors’ rights, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws, (ii) the possible assertion of so-called “lender liability” claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to the collateral securing the obligations.

A Client may invest in so-called “mezzanine loans,” which are typically structured as a loan to a parent entity of the borrower (with the parent mezzanine borrower typically contributing the loan proceeds to the subsidiary borrower) where the parent mezzanine borrower’s repayment obligation is secured primarily by a pledge of its direct or indirect ownership interests in the subsidiary borrower. If a Client makes an investment in a mezzanine loan, its ability to foreclose on the pledged ownership interests in the subsidiary borrower may be constrained by inter-creditor arrangements with the lender that, for example, may require such Client to cure material defaults under the loan before being entitled to foreclose on its collateral. Foreclosure may also be limited by the rights of the parent mezzanine borrower under applicable law.

The debt instruments in which a Client invests may not be rated by any recognized rating agency. The value of unrated debt obligations tends to be subject to more fluctuation as a result of economic conditions than rated debt obligations.

Debt investments in real estate assets operating in workout modes or under applicable bankruptcy laws could, if a Client inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of such Client’s original investment, including equitable subordination and/or disallowance of claims or lender liability. Furthermore, payments made to a Client in respect of such investments, and distributions by such Client, could be recovered if such payments or distributions are found to have been fraudulent conveyances or preferential payments or the equivalent under the laws of certain jurisdictions.

Liquidity Risk

Interests in the Funds (and, to a certain extent, the Managed CDOs) are generally illiquid and may not be transferred or sold except as permitted in the Client’s governing documents.

A Client’s investments generally will be illiquid because of their long-term nature. Dispositions of a Client’s investments also may be subject to contractually imposed limitations on transfer or other restrictions that could interfere with the sale of such Client’s investments or adversely affect the terms that could be obtained upon any sale.

Some of the debt instruments acquired by a Client may have terms (including grace periods) longer than the term of such Client. Thus, a Client may acquire investments that cannot be

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readily sold prior to the date that such Client will be dissolved, either by expiration of the Client's term or otherwise.

Diversification Risk

There is no assurance as to the degree of diversification that will actually be achieved in a Client's portfolio of investments.

Conflicts of Interest Risk

C-III and its affiliates may enter into transactions directly with (to the extent permitted by applicable law), and/or on behalf of, a Client, which may present certain conflicts of interests as described below.

A Client may retain affiliates of C-III to provide necessary services and transactions relating to such Client's investments, including, without limitation, property management, leasing, sales brokerage, construction, development, financing, loan servicing (either primary or special), marketing or other services. C-III or such affiliates will generally charge rates customarily charged for similar services by persons engaged in the same or substantially similar activities and the terms and conditions of any such services shall be at least as favorable to such Client as the terms reasonably expected by C-III to be available in an arm's-length transaction with an independent third party, although such compensation will not actually be determined through arm's-length negotiation.

C-III Asset Management LLC ("**C-III AM**"), an affiliate of C-III owned by C3CP, is a primary and/or special servicer of various loans that serve as collateral for commercial mortgage backed securities ("**CMBS**") and securities issued by collateralized debt obligations ("**CDOs**"). In that role, C-III AM has certain contractual obligations to the CMBS and CDO issuers under loan servicing agreements pursuant to which it performs services. In addition, C-III AM has certain contractual rights to acquire loans or real property owned by CMBS and CDO issuers (collectively, "**Purchase Rights**") that may be a source of potential investment opportunities for a Fund. Purchase Rights may also be held by Clients in their capacities as controlling classholders of CMBS trusts and/or by C-III (or an affiliate) in its capacity as a representative of such Clients.

C-III AM or C-III may engage affiliates to perform brokerage or other business-to-business services in connection with the disposition of assets owned by Clients. Such affiliates may earn or share in brokerage commissions or other fees paid by Clients upon the closing of the sale of assets by Clients, including sales to another Client, as compensation for such brokerage or other business-to-business services.

C-III AM, in its capacity as special servicer for loans owned by issuers of CMBS and CDOs, may also be paid resolution or liquidation fees by the seller of an asset acquired by a Client. If a Client were to pay a higher amount than the seller would receive from another buyer, any liquidation or resolution fees received by C-III AM would be incrementally increased by the percentage due on the price differential. Although these fees would be owed to C-III AM irrespective of the identity of the acquirer of the asset, the timing of the receipt of such fees by C-

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III AM and the amount of such fees may be affected by C-III's selection of the asset as an investment for a Client.

C-III Commercial Mortgage LLC, an affiliate of C-III owned by C3CP, and its wholly-owned subsidiary, C-III Mortgage Funding LLC (collectively, "**C-III CM**"), are principally engaged in the origination of commercial real estate mortgage loans. Certain of the loans originated by C3CM (or senior interests in such loans) may be sold to the Managed CDOs. In addition, junior interests in certain of those loans may be sold to a Fund.

Anubis Securities LLC ("**Anubis**"), an affiliate of C-III owned by ICG, has an application pending to register as a broker-dealer with the Securities and Exchange Commission ("**SEC**") and to become a member of the Financial Industry Regulatory Authority ("**FINRA**"). Anubis may be retained by an affiliate of C-III to raise equity or debt capital for a Fund managed by C-III (including serving as a placement agent with the respect to the offer and sale of interests in affiliated, private investment vehicles such as Funds).

C3CP, the parent company of C-III, and/or its affiliates may serve as the sponsor of limited partnerships and/or limited liability companies (such as Funds) for which C-III may serve as investment adviser.

Other Risks

A Client may leverage its investments, which may increase risk of loss.

A Client may enter into hedging transactions to protect itself and its portfolio from interest rate fluctuations. Such transactions increase costs and involve further risks of loss, imperfect correlation to the risk sought to be hedged and illiquidity.

ITEM 9: DISCIPLINARY INFORMATION

Neither C-III nor any of its management persons (including C-III's executive officers) have been involved in any material legal or disciplinary events that would be material to your evaluation of C-III or the integrity of C-III's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

In addition to C-III's status as an investment adviser, C-III and its affiliates have the following financial industry affiliations and activities:

C-III is registered as a municipal advisor with the SEC and the Municipal Securities Rulemaking Board.

Anubis, an affiliate of C-III owned by ICG, has an application pending to register as a broker-dealer with the SEC and to become a member of FINRA. Anubis may be retained by an affiliate of C-III to raise equity or debt capital for a Fund managed by C-III (including serving as a placement agent with the respect to the offer and sale of interests in affiliated, private investment vehicles such as Funds). Certain of C-III's management persons or employees of C-III's affiliates may become registered representatives and/or principals of Anubis and, when such

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persons engage in securities-related transactional activities, will be subject to Anubis' policies and procedures in addition to C-III's policies and procedures.

C-III AM, an affiliate of C-III owned by C3CP, is a primary and/or special servicer for loans owned by Clients and third parties that are not Clients (e.g., issuers of CMBS, banks, etc.). Certain of C-III's management persons or employees of C-III's affiliates may provide services for C-III AM.

C-III CM, an affiliate of C-III owned by C3CP, is principally engaged in the origination of commercial real estate mortgage loans. Certain of C-III's management persons or employees of C-III's affiliates may provide services for C-III CM.

C3CP, the parent company of C-III, and/or its affiliates may serve as the sponsor of limited partnerships and/or limited liability companies (such as Funds) for which C-III may serve as investment adviser. Certain of C-III's management persons or employees of C-III's affiliates may provide services for C3CP.

C-III Realty Services LLC ("**C-III Realty Services**"), an affiliate of C-III owned by C3CP, is licensed as a real estate brokerage firm in the States of New York and Tennessee. Certain of C-III's management persons or employees of C-III's affiliates may provide services for C-III Realty Services.

ICG Realty LLC ("**ICG Realty**"), an affiliate of C-III owned by ICG, is licensed as a real estate brokerage firm in the State of New York. Certain of C-III's management persons or employees of C-III's affiliates may provide services for ICG Realty.

Other affiliates of C-III may provide necessary services relating to a Client's investments, including, without limitation, property management, leasing, sales brokerage, construction, development, financing, loan servicing (either primary or special), marketing or other services. Such services are generally required to be provided on market rate terms, similar to those available to the Client in an arm's-length transaction with an independent third party, although such terms will not actually be determined through arm's-length negotiation.

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

CODE OF ETHICS AND PERSONAL TRADING

C-III strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. As such, C-III has adopted a Code of Ethics (contained in its Compliance Manual) for its partners, officers, directors (or other person occupying a similar status or performing similar functions), employees and other persons who provides investment advice on behalf of C-III (collectively, "**Supervised Persons**"), which describes its high standard of business conduct and fiduciary duty to its Clients. The Code of Ethics and Compliance Manual include provisions relating to, among other things: confidentiality of Client information; prohibitions on insider trading; prohibitions on "pay-to-play"; restrictions on the acceptance of significant gifts; reporting of certain gifts, outside

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business activities and political contributions; and personal securities trading by its Supervised Persons that have access to non-public information regarding any Client's investments or that are involved in making recommendations to Clients (or who have access to such recommendations) ("**Access Persons**"). All Supervised Persons must acknowledge the terms of the Code of Ethics upon hire and annually (or as amended) thereafter.

C-III's Code of Ethics is designed to ensure that the activities and interests of C-III's Supervised Persons and the personal securities transactions of C-III's Access Persons will not interfere with (i) making decisions in the best interest of C-III's Clients and (ii) implementing such decisions while, at the same time, allowing Access Persons to invest for their own accounts. As such, the Code of Ethics and Compliance Manual contain policies and procedures that, among other things:

- prohibit Supervised Persons from taking personal advantage of opportunities belonging to Clients;
- prohibit Supervised Persons from trading on the basis of, or misappropriating, material nonpublic or proprietary information (i.e., insider trading);
- require Supervised Persons to pre-clear any securities offered in an initial public offering and private placements (including investments in hedge funds, fund-of-funds, private equity funds, venture capital funds and other unregistered pooled investment vehicles);
- require Access Persons to periodically certify their securities holdings by Access Persons and provide copies of monthly and/or quarterly account statements and trade confirmations;
- prohibit Supervised Persons from trading securities of any issuers on C-III's restricted issuer list;
- require the Chief Compliance Officer to monitor the activities of Supervised Persons to ensure compliance with the Code of Ethics; and
- require Supervised Persons to certify annually as to their compliance with the Code of Ethics and Compliance Manual, including the policies prohibiting insider trading.

In addition, C-III has adopted the following procedures to address conflicts of interest arising from personal account trading (such as front-running or the effect that personal trading may have on the price of a security) by its Access Persons. Access Persons are permitted to maintain personal trading accounts, provided that such accounts are disclosed to C-III. Any personal trading by Access Persons must be consistent with applicable law and with the Code of Ethics. Subject to compliance with applicable laws, rules and regulations and the Code of Ethics, Access Persons may buy, sell or hold for their own personal trading accounts securities that C-III also may recommend, buy, sell or hold for Clients, subject to approval by C-III's Chief Compliance Officer upon a determination that no conflict of interest exists and that the Access Person's purchase, sale or holding of such investment would not adversely affect C-III's Clients.

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The Code of Ethics designates certain classes of securities as exempt transactions, based upon a determination that these would materially not interfere with the best interest of C-III's Clients. Access Person trading and identified brokerage accounts are monitored under the Code of Ethics to reasonably prevent conflicts of interest between C-III and its Clients.

C-III's Code of Ethics also addresses misappropriation of material nonpublic or proprietary information (i.e., insider trading) and outside business activities by its Supervised Persons. C-III's insider trading prohibitions (i) apply to all Supervised Persons, (ii) extend to activities within and outside their duties as Supervised Persons and (iii) apply to investment-related information that is internal to C-III. Supervised Persons are permitted to engage in limited outside business activities, provided that these activities do not create an actual or potential conflict of interest due to the amount of time spent on such activities and the investment-related nature of certain activities.

Investors or prospective investors may request a copy of C-III's Code of Ethics and excerpts of the Compliance Manual by contacting Lawrence Block, C-III's Chief Compliance Officer, at (212) 705-5090 or by e-mail at lblock@c3cp.com.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

C-III may recommend to its Clients, or buy or sell for such Clients, securities in which C-III (or an affiliate) has a material financial interest.

C-III (or an affiliate) may engage in principal, agency cross or cross transactions with its Clients.

C-III and its affiliates may invest in the same (or related) assets that are held by, or recommended to, a Client.

ITEM 12: BROKERAGE PRACTICES

C-III generally has the authority to determine for each Client, without obtaining specific Client consent (except as otherwise provided below), (a) securities to be bought or sold, (b) the amount of the securities to be bought or sold, (c) the broker or dealer to be used, and (d) if applicable, commission rates paid. Limitations on C-III's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling Clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) a Client's governing documents. C-III may be required to obtain Client consent (or the consent of an independent representative or advisory committee of the Client) for principal transactions involving C-III (or an affiliate) and a Client.

Generally, in determining which broker or dealer to use, C-III looks at the character of the market for the security, including, but not limited to the security's price, volatility and liquidity, as well as the size and type of transaction. Specifically, in making any such determination, C-III may consider a number of factors, including, without limitation:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);

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- the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- reputation;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding Clients' accounts;
- performance measurement data;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value; and
- the opportunity to participate in capital introduction events sponsored by the broker-dealer.

C-III is not required to weigh any of these factors equally.

In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, C-III is not required to solicit competitive bids and is not required to seek the lowest available commission cost. C-III does not negotiate "execution only" commission rates; therefore, a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

C-III does not consider, in selecting or recommending broker-dealers, whether it or a related person receives Client referrals from a broker-dealer or third party.

C-III does not recommend, request or require that a Client direct it to execute transactions through a specified broker-dealer ("directed brokerage").

If C-III determines to buy or sell the same security on behalf of more than one Client, it may, but is under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the securities to be purchased or sold in order to seek more favorable prices, lower brokerage commissions or more efficient execution.

C-III does not currently utilize "soft dollar" credits generated by Client brokerage transactions to pay for research or other products or services other than execution from a broker-dealer or a third party. To the extent it does so in the future, C-III will operate under the "safe harbor" provided by Section 28(e) of the Securities and Exchange Act of 1934, as amended.

During the past fiscal year, (i) neither C-III nor any of its related persons acquired any products or services with Client brokerage commissions (or markups or markdowns) and (ii) C-III did not direct any Client transactions to a particular broker-dealer in return for “soft dollar” benefits.

ITEM 13: REVIEW OF ACCOUNTS

C-III generally has an investment committee for each Client, and each Client generally has its own investment committee (each, an “**Investment Committee**”). C-III’s Investment Committees are generally responsible for recommending acquisitions and dispositions of Client assets and monitoring and reviewing on an on-going basis the investment portfolio of the Client for which it is responsible. Each Client’s Investment Committee reviews the investment recommendation(s) made by C-III’s Investment Committee for such Client and may approve, reject or take other action with respect to such recommendation. Fund investors generally receive quarterly and annual financial information of such Fund.

C-III and/or a Fund’s general partner or managing member (either on their own behalf and/or on behalf of the Fund), without any act, approval or vote of any other Fund investor, may from time to time enter into letter agreements or other similar agreements (collectively, “**Side Letters**”) with one or more Fund investors that have the effect of establishing rights under, or altering or supplementing the terms of, a Fund’s governing documents. Any rights established, or any terms of such Fund governing document altered or supplemented, in a Side Letter with a Fund investor govern, notwithstanding any other provision of the Fund’s governing documents. As a result of any Side Letters, certain Fund investors may receive additional benefits that other Fund investors will not receive. Neither C-III nor a Fund’s general partner or managing member will be required to offer rights or terms to any Fund investor that are offered to any other Fund investor. Other Fund investors will have no recourse against such Fund, its general partner or managing member, C-III or any of their respective affiliates in the event that one or more Fund investors receive additional or different rights or terms as a result of any Side Letter.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

No person or entity that is not a Client of C-III provides an economic benefit to C-III for providing investment advice or other services to C-III’s Clients.

At such time as it is registered as a broker-dealer with the SEC and becomes a member of FIRNA, Anubis may be retained by a Fund, its general partner or managing member, or another affiliate of C-III to raise equity or debt capital for a Fund managed by C-III. Such Fund, general partner or managing member, or affiliate of C-III may compensate Anubis for capital raised by such Fund.

C-III may compensate third parties for referring prospective advisory clients (or prospective investors in a Fund) to it, at no additional cost to the Client (or investor). Such referral fees generally may be based on (a) the investment by such Client (or investor) or (b) a percentage of the management fees and/or performance-based compensation earned by C-III or its affiliate. As applicable, such referral arrangements will conform to Rule 206(4)-3 under the Advisers Act.

ITEM 15: CUSTODY

The general partner or managing member of a Fund (each of which is an affiliate of C-III) is deemed to have “custody” of assets of that Fund. Each Fund’s cash and securities must be maintained by a “qualified custodian” in such Fund’s name, unless the security is otherwise exempt from this requirement (e.g., certain privately offered securities).

Generally, each Fund’s financial statements (a) are prepared in accordance with generally accepted accounting standards, (b) are audited by an independent accounting firm that is registered with, and subject to regular examination by, the Public Company Accounting Oversight Board (“PCAOB”) and (c) are distributed to the Fund’s investors (i) within 120 days following such Fund’s fiscal year end and (ii) promptly after liquidation. Accordingly, C-III is exempt from the requirements of certain aspects of Rule 206(4)-2 under the Advisers Act for such Funds.

In the event a Fund’s financial statements do not satisfy the above requirements, (i) an independent accountant that is registered with, and subject to examination by, the PCAOB will verify the cash and securities of such Fund by a surprise examination conducted on an annual basis pursuant to a written agreement, (ii) certain securities that would otherwise be exempt from the requirement that they be held by a “qualified custodian” will be held by a “qualified custodian,” (iii) notice containing certain information regarding the “qualified custodian” will be sent to the Fund and its investors and (iv) C-III must have a reasonable basis, after due inquiry, for believing that the Fund’s “qualified custodian” sends an account statement, at least quarterly, to such Fund and its investors for which it maintains cash or securities, identifying the amount of cash and of each security of the Fund held by such custodian at the end of the period and setting forth all transactions by the Fund in such account during that period. The independent accountant must make certain disclosures with the SEC and notify the SEC within one business day of any material discrepancies discovered during the course of the examination. To the extent C-III sends any statements directly to a Fund or its investors, such statements are required to include a legend that cautions such Fund and its investors to compare statements sent by C-III with any statements sent by its “qualified custodian.”

Rule 206(4)-2 is not applicable to C-III with respect to the Managed CDOs, because neither C-III nor any of its affiliates has “custody” (as that term is defined in Rule 206(4)-2) of the assets of the Managed CDOs. Rather, each Managed CDO has an unaffiliated trustee, who is deemed to have custody of the assets of such Managed CDO.

ITEM 16: INVESTMENT DISCRETION

C-III generally has the authority to recommend all investment decisions for each Client, subject to compliance with the investment criteria contained in the governing documents of the relevant Client. Such criteria generally include, among other things:

- in the case of a Fund, (i) approval by the Fund’s general partner or managing member, (ii) approval by the Fund’s independent representative(s) (if applicable) with respect to any principal transactions and (iii) review and approval by a Fund’s advisory committee (if applicable); and

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- in the case of an acquisition of an investment asset by a Managed CDO, (i) approval by the independent member of such Managed CDO's advisory or investment management committee, with respect to any principal transaction between the Managed CDO and C-III or an affiliate and (ii) approval by one or more rating agencies.

C-III generally has discretion to recommend the investments to be acquired and/or sold, the amount of Client capital to be invested, the brokers and dealers to execute transactions and the price and timing of a Client's purchases and sales.

ITEM 17: VOTING CLIENT SECURITIES

C-III's Clients generally own investments that are not voting securities. Therefore, C-III's Clients do not often receive proxies and C-III is not called upon to vote proxies. If C-III were to receive a proxy on behalf of a Client and is requested or required to vote a proxy, C-III will consider, among other things, the financial interests of the applicable Client and the recommendation of management on the particular issue.

In reviewing the proxy statements, C-III will seek to identify any potential conflict of interest with the company and determine, on a case-by-case basis, if the conflict is material. If material, C-III will determine, in light of all the facts then currently available, the manner by which to proceed. This may, or may not, include abstention from voting such proxy. C-III will document its decision making process with respect to resolving material conflicts of interest.

C-III has adopted Proxy Voting Policies and Procedures whereby it exercises discretion to vote proxies for Client securities. A copy of these policies and procedures, as well as a record of all proxy decisions and any documentation maintained with respect to proxy votes, is available to existing and prospective Clients and investors by contacting Lawrence Block, C-III's Chief Compliance Officer, at (212) 705-5090 or by e-mail at lblock@c3cp.com.

ITEM 18: FINANCIAL INFORMATION

C-III is not aware of any financial condition or commitment that is reasonably likely to impair its ability to satisfy its contractual and fiduciary commitments to its Clients, and it has never been the subject of a bankruptcy proceeding.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

MISCELLANEOUS: ADDITIONAL INFORMATION

BUSINESS CONTINUITY PLAN

C-III has adopted a Business Continuity Plan and will distribute a copy (or summary) of such plan to existing and prospective Clients and investors. C-III's Business Continuity Plan Summary explains that in the event of a significant business disruption, C-III plans to, as quickly as practicable and to the extent reasonably feasible given the scope and severity of the significant

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business disruption: safeguard its Supervised Persons and property; recover and resume business operations; make financial and operational assessments; protect C-III's books and records, including Client and investor information; and assist C-III's investors to transact business.

A copy of C-III's Business Continuity Plan Summary is available to existing and prospective Clients and investors by contacting Lawrence Block, C-III's Chief Compliance Officer, at (212) 705-5090 or by e-mail at lblock@c3cp.com.

PRIVACY POLICIES AND PROCEDURES

C-III has adopted a Privacy Policy and will distribute a Privacy Policy Notice to existing and prospective Clients and investors that explains the manner in which C-III and its affiliates collect, utilize and maintain non-public personal information about investors who are individuals, as required under federal and other applicable law. C-III is committed to protecting an investor's privacy and maintaining the confidentiality and security of an investor's personal information and restricts access to personal account information to those Supervised Persons who need to know that information to provide C-III's products and services. C-III also maintains appropriate physical, electronic and procedural safeguards to guard Clients' non-public personal information.

A copy of C-III's Privacy Policy Notice is available to existing and prospective Clients and investors by contacting Lawrence Block, C-III's Chief Compliance Officer, at (212) 705-5090 or by e-mail at lblock@c3cp.com.