

COLONY CAPITAL INVESTMENT ADVISORS, LLC

Form ADV, Part 2A

MANAGED REIT BROCHURE

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Date of Brochure: February 7, 2017

This brochure ("Brochure") provides information about the qualifications and business practices of the real estate investment trust ("REIT") and related business lines of Colony Capital Investment Advisors, LLC ("CCIA"), Colony NorthStar US, LLC, NSAM J-NRE Ltd., NSAM J-NSI Ltd., NSAM J-NSHC Ltd., NSAM J-NSII Ltd., NSAM J-NS/RXR Ltd., NSAM D-FCVP LLC, Colony NorthStar – N Luxembourg S.à r.l., Colony NorthStar Bermuda, Ltd., Colony NorthStar UK, Ltd., and Healthcare Opportunity JV, LP (collectively, the "Managed REIT Advisers"). Other advisory activities of affiliates of Colony NorthStar, Inc. ("Colony NorthStar") are described in a separate Brochure. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (the "CCO").

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

Each Managed REIT Adviser is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training. Additional information about CCIA and the Managed REIT Advisers is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

CCIA's last annual updating amendment to Part 2A on Form ADV was filed on February 29, 2016. This other-than annual updating amendment includes the following changes that were made since the last annual update:

On January 10, 2017, Colony Capital, Inc. (NYSE: CLNY), the parent company of CCIA, announced that it completed the previously-announced merger with NorthStar Asset Management Group Inc. (NYSE: NSAM)(“NSAM”) and NorthStar Realty Finance Corp. (NYSE: NRF)(“NRF”), a publicly traded real estate investment trust sponsored by NSAM, and certain subsidiary entities of NSAM and NRF (the “Merger”). Following the Merger, Colony NorthStar, Inc. (NYSE: CLNS), became the surviving company for the combined organization, with a diversified real estate and investment management platform and publicly-traded on the New York Stock Exchange. This update to the Brochure reflects changes to CCIA and its business resulting from the Merger. This brochure only covers CCIA's Managed REIT business lines and is intended for clients advised by CCIA and its affiliates.

This other-than annual updating amendment reflects changes to CCIA's advisory business and financial industry affiliations, adds risk factors relating to CCIA's business structure and updates CCIA's Code of Ethics and certain other policies in CCIA's Code of Conduct and Regulatory Compliance Manual. This Brochure also includes certain other routine updates and additional information. This Item 2 reflects only material changes made since the February 29, 2016 annual updating amendment. It is important that you read this entire Brochure, including the updates, to fully understand the disclosures made herein.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

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

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

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

Pursuant to Rule 204-3(e) under the Advisers Act, and in the interest of providing clear disclosures to its clients, CCIA has opted to maintain two separate brochures: (i) a brochure with respect to certain private fund and co-investment clients (the “Managed Fund Brochure”) and (ii) a brochure with respect to certain REIT clients (the “Managed REIT Brochure”). This Managed REIT Brochure is intended for those REIT clients that were historically clients of NSAM and its affiliates prior to its merger with Colony and to similar clients that may be formed in the future. Accordingly, this Brochure omits information about investment strategies, fees, risks and conflicts that relate to historic clients of Colony and that are covered by the Managed Fund Brochure.

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

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Item 4: Advisory Business

Colony NorthStar

Colony Capital Investment Advisors, LLC (“CCIA”) is a Delaware limited liability company and an indirect subsidiary of Colony NorthStar, Inc. (NYSE: CLNS) (“Colony NorthStar”), a global real estate and investment management firm publicly-traded on the New York Stock Exchange. Thomas J. Barrack Jr. is the Executive Chairman of Colony NorthStar, David T. Hamamoto is the Executive Vice Chairman of Colony NorthStar and Richard B. Saltzman is the Chief Executive Officer of Colony NorthStar.

In January 2017, Colony Capital, Inc. (NYSE: CLNY) (“Colony”), formerly the parent company of CCIA, merged with NorthStar Asset Management Group Inc. (NYSE: NSAM) (“NSAM”) and NorthStar Realty Finance Corp. (NYSE: NRF) (“NRF”) to form Colony NorthStar. In connection with the merger, CCIA inherited the advisory business previously operated by NSAM and its affiliates. As used in this Brochure, references to Colony NorthStar and CCIA may relate to operations or activities originally undertaken by NSAM or NRF or their respective affiliates.

CCIA and the Relying Advisers

The advisory business of CCIA (which includes the Relying Advisers described below) primarily consists of advising (i) private investment funds and co-investment vehicles (the “Managed Funds”) and (ii) public REITs that are either traded on a national securities exchange or non-listed and sold through independent channels (the “Managed REITs”) and, together with the Managed Funds, the “Managed Vehicles” or “Clients”). The investment strategies of the Managed Vehicles are generally focused on making direct investments in real estate and real estate-related assets, debt and distressed debt investments.

Certain affiliates of CCIA (the “Relying Advisers”) provide investment advisory and related services as part of CCIA’s advisory business. These include, in particular, affiliated companies established in Bermuda, Italy, Jersey, Luxembourg, the United Kingdom and the United States, which may also engage CCIA affiliates and third parties for the provision of services. CCIA and the Relying Advisers generally have common policies and procedures with respect to their clients, share senior management teams and key personnel, and are collectively referred to herein as the “CCIA Advisers,” or “CCIA,” as the context requires. The Relying Advisers include Col Invest Italy S.R.L. (Italy), Colony NorthStar Advisors, LLC (Delaware), Colony Realty Partners, LLC (Delaware), CDCF IV Investment Advisor, LLC (Delaware), Colony Industrial Investment Advisor, LLC (Delaware), Colony NorthStar US, LLC (Delaware), NSAM J-NSI Ltd. (Jersey), NSAM J-NSHC Ltd. (Jersey), NSAM J-NSII Ltd. (Jersey), NSAM J-NS/RXR Ltd. (Jersey), NSAM J-NRE Ltd. (Jersey), NSAM D-FCVP, LLC (Delaware), Colony NorthStar – N Luxembourg S.à r.l. (Luxembourg), Colony NorthStar Bermuda, Ltd. (Bermuda), Colony NorthStar UK, Ltd. (United Kingdom) and Healthcare Opportunity JV, LP (Delaware).

Each CCIA Adviser is a separate and distinct company that may have differing investment capabilities and functions, but the CCIA Advisers work collaboratively to provide advice and services to Clients. As of September 30, 2016, the CCIA Advisers managed approximately \$19.4 billion in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis, and have total assets under management of approximately \$19.4 billion. Assets under management are calculated using pro forma financial information in connection with the January 2017 merger of Colony Capital, Inc., NorthStar Asset Management Group Inc., and NorthStar Realty Finance Corp. Pro forma calculation of assets under management may be based on unaudited historical financial information and assumptions by management. Assets under management are calculated and presented in this Brochure according to the requirements of the Advisers Act and may differ from the calculation and presentation of assets for purposes of other disclosures made by Colony NorthStar or its Clients.

Managed REIT Advisers

The Managed REIT Advisers are a group of CCIA's Relying Advisers that, together with CCIA and their affiliates, provide asset management and other services to the Managed REITs, which consist of NorthStar Realty Europe Corp. ("NorthStar Europe"), the Non-Traded Managed REITs (as defined below) and other companies, funds and accounts that may be sponsored or co-sponsored by CCIA or otherwise advised by CCIA in the future, both in the United States and internationally. The Managed REIT Advisers may also provide asset management and other services to certain non-REIT clients as described in this Brochure, including an insurance policy separate account.

The Managed REIT Advisers are Colony NorthStar US, LLC (Delaware), NSAM J-NSI Ltd. (Jersey), NSAM J-NSHC Ltd. (Jersey), NSAM J-NSII Ltd. (Jersey), NSAM J-NS/RXR Ltd. (Jersey), NSAM J-NRE Ltd. (Jersey), NSAM D-FCVP LLC (Delaware), Colony NorthStar – N Luxembourg S.à r.l. (Luxembourg), Colony NorthStar Bermuda, Ltd. (Bermuda), Colony NorthStar UK, Ltd. (United Kingdom) and Healthcare Opportunity JV, LP (Delaware).

As noted above, this Brochure primarily describes the investment strategies, fees, risks and conflicts applicable to the Managed REIT Advisers and the Managed REITs. Clients who are not Managed REIT clients should refer to the Managed Fund Brochure.

Other Affiliates

Certain other affiliates of CCIA and Colony NorthStar provide investment advisory and related services under separate registrations with the SEC and are not covered by this Brochure. These other registered affiliates may (but do not necessarily) have common policies and procedures and/or share certain management teams or personnel with CCIA and the Relying Advisers but are treated as separate and distinct companies and SEC registrants. These advisers may offer a variety of investment strategies and services to a number of different clients, including, without limitation, closed-end investment management companies registered under the Investment Company Act of 1940, as amended ("Investment Company Act"). The registered investment adviser affiliates not covered under this Brochure include CNI CCEF Advisors, LLC, CNI RECF Advisors, LLC and CNI TCEF Advisors, LLC, advisers to certain registered closed-end investment companies sponsored or co-sponsored by Colony NorthStar, as well as Townsend Holdings LLC, an investment management and advisory services firm focused on real assets. Further information about the advisory businesses of these CCIA affiliates can be found in the public disclosures on Form ADV for those firms.

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

About the Managed REITs

The primary business objective of the Managed REIT Advisers is to provide asset management and other services to the Managed REITs, both in the United States and internationally. Colony NorthStar's Managed REITs include public traded and non-traded companies sponsored or co-sponsored by Colony NorthStar. Each Managed REIT has elected to qualify, or intends to elect to qualify, as a REIT under the U.S. Internal Revenue Code of 1986, as amended. The Managed REITs have historically invested in the commercial real estate ("CRE") industry and have demonstrated the ability to invest and create value through multiple real estate cycles and changing market conditions. As used herein, the term commercial real estate industry refers to all commercial property types, both in the United States and internationally, including but not limited to healthcare, hotel, net lease, multifamily, and multi-tenant properties. CCIA provides its advisory services subject to the oversight of the board directors of each applicable Managed REIT and in accordance with the investment objectives, strategies and guidelines approved by the Managed REIT board.

Publicly-Traded Managed REITs

Colony NorthStar currently manages one publicly-traded REIT listed on the New York Stock Exchange: NorthStar Realty Europe Corp. (NYSE: NRE) ("NorthStar Europe").

NorthStar Europe is a European focused commercial real estate company with predominantly prime office properties in key cities within Germany, the United Kingdom and France. NorthStar Europe's objective is to provide its stockholders with stable and recurring cash flow supplemented by capital growth over time. The Company commenced operations on November 1, 2015 following the spin-off by NRF of its European real estate business (excluding its European healthcare properties) into a separate publicly-traded company. NorthStar Europe is managed by NSAM J-NRE Ltd., one of the CCIA Advisers.

Non-Traded Managed REITs and Other Clients

Colony NorthStar currently manages four public non-traded REITs: NorthStar Real Estate Income Trust, Inc. ("NS Income"), NorthStar Healthcare Income, Inc. ("NS Healthcare"), NorthStar Real Estate Income II, Inc. ("NS Income II") and NorthStar/RXR New York Metro Real Estate, Inc. ("NS/RXR") (together, the "Non-Traded Managed REITs"), and each a "Non-Traded Managed REIT"). NS Income is a public, non-traded REIT, currently closed to new investors, that originates, invests in and manages a portfolio of commercial real estate debt, select equity and securities investments. NS Healthcare is a public, non-traded REIT, currently closed to new investors, formed to originate, acquire and asset manage a diversified portfolio of commercial real estate equity, debt and securities investments in healthcare real estate. NS Income II is a public, non-traded REIT, currently closed to new investors, that originates and acquires a diversified portfolio of commercial real estate debt, select equity and securities investments. NS/RXR is a public, non-traded REIT that is co-sponsored by Colony NorthStar and RXR Realty, LLC ("RXR Realty") and is formed with an intention to acquire a commercial real estate portfolio concentrated in the New York metropolitan area and, in particular, New York City, with a focus on office and mixed-use properties and a lesser emphasis on multifamily properties.

Strategic Relationships of Colony NorthStar and the Managed Vehicles

Colony NorthStar or its affiliates may receive certain fees and/or distributions of operating cash flow in connection with certain strategic relationships, including those described below. The fees and/or distributions of operating cash flow received as a result of the strategic relationships are in addition to the advisory fees paid directly to the Managed REIT Advisers from the Managed REITs.

In December 2013, Colony NorthStar entered into a strategic transaction with and acquired a non-controlling equity interest in RXR Realty, a commercial real estate owner, developer and investment management company focused on investments in the New York Tri-State area. Colony NorthStar's equity investment in RXR Realty is structured so that Colony NorthStar is entitled to certain distributions of operating cash flows from RXR Realty, including cash flows generated from fees paid by NS/RXR. CCIA and RXR Realty are entitled to advisory fees, sub-advisory fees, property management fees and expense reimbursements from NS/RXR in connection with the services provided to NS/RXR. An affiliate of RXR Realty may also provide property management services for NS/RXR's assets. Colony NorthStar indirectly benefits from the fees paid by NS/RXR to RXR Realty or its affiliates.

In January 2014, Colony NorthStar entered into a long-term strategic partnership (the "Healthcare JV") with James F. Flaherty III, former Chief Executive Officer of HCP, Inc., in order to expand its healthcare real estate business. In connection with this healthcare strategic partnership, Mr. Flaherty provides services with respect to the healthcare real estate portfolios of Colony NorthStar and NS Healthcare. The Healthcare JV is entitled to certain incentive fees for new and existing healthcare real estate investments held by Colony NorthStar and NS Healthcare. The Healthcare JV will also be entitled to any incentive fees earned from NS Healthcare or any future healthcare non-traded vehicles sponsored by Colony NorthStar or any affiliates, as well as future healthcare non-traded vehicles sponsored by AHI (defined below).

In December 2014, Colony NorthStar acquired Griffin-American Healthcare REIT II, Inc. (“GAHR II”), a healthcare-focused non-traded REIT, in a cash and stock transaction valued at approximately \$4 billion. Concurrently therewith, Colony NorthStar, through a subsidiary, acquired a minority equity interest in the business of American Healthcare Investors LLC (“AHI”), a healthcare-focused real estate investment management firm and former adviser to GAHR II. Colony NorthStar’s investment in AHI is structured as a joint venture between Colony NorthStar, a trust owned by Mr. Flaherty, and the principals of AHI. The joint venture provides certain asset management and/or other services to CCIA to assist with managing certain healthcare assets owned by Colony NorthStar, NS Healthcare and future Managed REITs, and also may provide property management services directly to such Managed REITs with respect to those healthcare assets. Colony NorthStar, Mr. Flaherty and AHI receive incentive fees in connection with certain healthcare investments owned by NS Healthcare. In addition, as a minority investor in AHI, Colony NorthStar is entitled to receive certain distributions of operating cash flow and certain promote fees from AHI, including as a result of any fees paid to AHI by NS Healthcare for management and related services. (See ***Item 5: Fees and Compensation—Fees Related to Strategic Relationships of Colony NorthStar***.)

In January 2015, Colony NorthStar, through a subsidiary, acquired a minority equity interest in the business of Island Hospitality Group Inc. (“Island”), a hospitality-focused real estate management firm. Colony NorthStar’s investment in Island was structured as a joint venture and the principals of Island ran (and continue to run) the day-to-day operations of Island’s business, including continuing as the operator of a majority of the hotel portfolios owned by the Managed REITs. As a minority investor in Island, Colony NorthStar was entitled to receive certain distributions of operating cash flow from Island in accordance with the allocations set forth in the joint venture agreement, including as a result of fees paid to Island by certain Managed REITs for operating certain of the hotels owned by such Managed REITs. In December 2016, Colony NorthStar sold its minority interest in Island to a subsidiary of an insurance policy separate account that is beneficially owned by a charitable trust. As described elsewhere in this Brochure, a CCIA affiliate acts as investment adviser to the insurance policy separate account and receives certain fees in connection with advice to the separate account.

A Note on the Colony NorthStar Managed REITs

Investors and other recipients of this Brochure should be aware that while this Brochure may include information about the Managed REITs, as necessary or appropriate, the Brochure should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Managed REIT. More complete information about each Managed REIT is included in such Managed REIT’s Governing Documents, which are included in the Managed REIT’s public filings or may be provided to current and eligible prospective investors only by Colony NorthStar or another authorized party. In no event should this Brochure be considered to be an offer of interests in a Managed REIT or relied upon in any determination to invest in a Managed REIT. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed to provide information about CCIA for the purpose of compliance with CCIA’s obligations under the Advisers Act. Accordingly, the Brochure responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in a Managed REIT’s Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Document, the relevant Governing Document shall govern.

CCIA’s Advisory Services to the Managed REITs

Subject to the oversight of the board of directors of each Managed REIT (as applicable) and other limited exceptions, CCIA manages the day-to-day investment affairs of its Managed REITs, including identifying, originating, acquiring and managing and, in certain instances, selling investments on their behalf, and earns asset management and other fees for these services, which may vary based on the amount of assets under management, investment activities and investment performance. The services CCIA provides to Managed REITs also include monitoring and reporting to the Managed REIT on the performance of its investments and determining when and on what terms to finance, refinance or sell investments and executing such transactions.

As a general matter, each Managed REIT is managed in accordance with the investment objectives, strategies and guidelines approved by the Managed REIT's board of directors or otherwise set forth in its Governing Documents and is not tailored to the individual needs of any particular investor.

The current focus of CCIA's Managed REIT investment advisory business line is on strategically managing real estate and other investment platforms in the United States and internationally.

Managed REIT Real Estate Investments

As part of CCIA's real estate investment advisory business, CCIA explores a variety of real estate investments in the United States and internationally for its Managed REITs. CCIA's Managed REIT business line is primarily focused on real estate investments, which may include the following asset categories, as described in the relevant client governing documents: (i) healthcare properties, (ii) hotels, (iii) net lease properties, (iv) multifamily properties, (v) multi-tenant office properties, (vi) other opportunistic real estate investments such as indirect interests in real estate through real estate private equity funds or other joint ventures, and (vii) CRE securities.

Colony NorthStar, CCIA or the Managed REITs also may establish and/or sponsor strategic arrangements and partnerships, directly or on behalf of one or more of the Managed REITs, such as Colony NorthStar's long-term strategic healthcare real estate partnership with James F. Flaherty III, Colony NorthStar's strategic transaction with RXR Realty and Colony NorthStar's strategic transaction with AHL. Colony NorthStar also has acquired a majority interest in Townsend and may establish additional strategic arrangements and partnerships with or through Townsend on behalf of itself or the Managed REITs.

Real Estate Debt Investments

As part of CCIA's CRE debt investment advisory business, CCIA focuses on originating, structuring, acquiring and managing senior and subordinate debt investments for its Managed REITs, secured primarily by commercial, multifamily and healthcare properties, including first mortgage loans, subordinate interests, mezzanine loans, credit tenant loans and other loans, including preferred equity interests in borrowers who own such properties. The collateral underlying such CRE debt investments consists primarily of income-producing real estate assets, properties that require some capital investment to increase cash flows or assets undergoing repositionings or conversions. These instruments are generally held for investment by the Managed REITs, but from time to time CCIA may syndicate or sell portions of loans to seek to maximize risk-adjusted returns, manage credit exposure and generate liquidity. CCIA emphasizes direct origination of its debt investments as this allows a greater degree of control over how the investments are underwritten and structured and provides the opportunity to syndicate senior or subordinate interests in the loans, if desired. CCIA may from time to time cause its Managed REITs to take title to collateral in connection with a CRE debt investment as real estate owned.

CCIA does not currently offer wrap fee programs.

Item 5: Fees and Compensation

Fees are separately determined for each client. As a general matter, CCIA and its affiliates receive (i) management and incentive fees pursuant to advisory contracts and other agreements with clients; (ii) sales fees and expenses; and (iii) other fees and expense reimbursements, as described in more detail below.

Management and Incentive Fees

NorthStar Europe

The fees received by Managed REIT Advisers are primarily driven by Managed REIT Advisers' ability to raise capital for existing and new Managed REITs. NorthStar Europe's advisory contract with CCIA provides for

both an annual base management fee and an incentive fee. The annual base management fee, calculated and payable quarterly in arrears in cash, is equal to the sum of:

- \$14,000,000; and
- an additional annual base management fee equal to 1.5% per annum of the sum of:
 - any NorthStar Europe equity issued in exchange or conversion of exchangeable or stock-settlable notes based on the stock price at the date of issuance;
 - any other issuances of common equity, preferred equity or other forms of equity, including but not limited to units in NorthStar Realty Europe Limited Partnership, a Delaware limited partnership, NorthStar Europe's operating partnership (excluding units issued to NorthStar Europe or as equity based compensation but including issuances related to an acquisition, investment, joint venture or partnership); and
 - cumulative cash available for distribution ("CAD") of NorthStar Europe in excess of cumulative distributions paid on common stock of NorthStar Europe or other equity awards of NorthStar Europe beginning the first full calendar quarter after October 31, 2015.

Incentive fees, calculated and payable quarterly in arrears in cash, are equal to:

- the product of: (a) 15% and (b) NorthStar Europe's CAD before such incentive fee is paid, divided by the weighted average shares outstanding for the calendar quarter, of any amount in excess of \$0.30 per share and up to \$0.36 per share; plus
- the product of: (a) 25% and (b) NorthStar Europe's CAD before such incentive fee is paid, divided by the weighted average shares outstanding for the calendar quarter, of any amount in excess of \$0.36 per share; and
- multiplied by the weighted average shares outstanding of NorthStar Europe for the calendar quarter.

With respect to the above incentive fee hurdles, such amounts may be appropriately adjusted to take into account the effect of any stock split, reverse stock split, stock dividend, reclassification, recapitalization or other similar transaction from and after the date hereof.

Non-Traded Managed REITs

Fees	NS Income	NS Healthcare	NS Income II	NS/RXR ⁽⁶⁾
Asset-management fees ⁽¹⁾	1.25% of Assets	1.00% of Assets	1.25% of Assets	1.00% of Assets
Acquisition fees ⁽²⁾	1.00% of Investment	1.00% of Investment (2.25% for real estate properties)	1.00% of Investment	None.

Disposition fees ⁽³⁾	1.00% of sales price	2.00% for real estate properties (or 1.00% of the principal amount of debt upon maturity or 1% of the sales price of debt)	1.00% of sales price	None.
Incentive fee ⁽⁴⁾	15% of net cash flows after an 8% return	15% of net cash flows after a 6.75% return ⁽⁵⁾	15% of net cash flows after a 7% return	15% of net cash flows after a 6% return

- (1) Assets represent principal amount funded or allocated for debt investments originated or acquired and the cost of all other investments, including expenses and any financing attributable to such investments, less any principal received on debt and securities investments (or the Colony NorthStar's proportionate share thereof in the case of an investment made in a joint venture).
- (2) Calculated based on the amount funded or allocated by the Managed REIT to originate or acquire investments, including acquisition expenses and any financing attributable to such investments (or such Managed REIT's proportionate share thereof in the case of an investment made in a joint venture).
- (3) Disposition fee upon the maturity, prepayment, workout, modification or extension of debt investment is limited to the corresponding fee paid by the borrower to the non-traded company.
- (4) Colony NorthStar is entitled to receive distributions equal to 15% of net cash flows of the respective Managed REIT, whether from continuing operations, repayment of loans, disposition of assets or otherwise, but only after stockholders have received, in the aggregate, cumulative distributions equal to their invested capital plus the respective cumulative, non-compounded annual pre-tax return (as noted in the table above) on such invested capital.
- (5) The healthcare strategic partnership with Mr. Flaherty and AHI will be entitled to the incentive fees earned from managing NS Healthcare, of which CCIA will earn its proportionate interest.
- (6) Fees are paid both to the CCIA Adviser and to an affiliate of RXR Realty as a sub-adviser.

Colony NorthStar, NorthStar Europe and the Non-Traded Managed REITs may also engage third-party or affiliated managers in connection with asset management, property management or related services for certain of their owned real estate. In certain instances, the Managed REITs also may invest in third-party managed real estate funds or other pooled investment vehicles that pay management and incentive fees/promotes to the fund manager or general partner. In any such instances, the Managed REIT may pay fees to such third party or affiliated parties in addition to the fees paid to CCIA (subjecting investors in the Managed REIT to so-called "layering of fees"). These types of services also may be provided by strategic partners and Colony NorthStar may benefit indirectly from such fees. The Managed REITs also bear fees, costs and expenses paid to third party vendors or affiliated entities whose services it is customary for asset managers to retain, including lawyers, accountants, brokers, investment bankers, transfer agents, administrators, custodians and other consultants, advisors and agents. (See *Item 4: Advisory Business—Strategic Relationships of CCIA and the Managed REITs* and *Item 5: Fees and Compensation—Fees Related to Strategic Relationships of Colony NorthStar*.)

Sales Fees and Expenses

Non-Traded Managed REITs are distributed through a captive broker-dealer, NorthStar Securities, LLC ("NorthStar Securities"), independent/unaffiliated broker-dealer channels, and registered investment adviser channels, and pay the following sales fees and expenses:

- Commissions of up to (a) 7% for Class A Shares, and (b) 2% for Class T Shares, of gross offering proceeds to unaffiliated broker-dealers who sell interests in the Non-Traded Managed REITs.
- A fee of up to (a) 3% for Class A Shares, and (b) 2.75% for Class T Shares, of gross offering proceeds to NorthStar Securities for acting as a dealer-manager to the unaffiliated selling broker-dealers (See *Item 10 – Other Financial Industry Activities and Affiliations*).
- With respect to Class T Shares only, an annual distribution fee of up to 1% of the gross offering proceeds to NorthStar Securities, all or a portion of which may be reallocated to participating unaffiliated broker-dealers.
- A reimbursement of any organizational and offering expenses incurred by CCIA.

With respect to Class I Shares, no commissions or fees are paid to NorthStar Securities for acting as a dealer-manager to broker-dealers who sell interests for these offerings.

The aggregate of selling commissions, dealer manager fees and other organization and offering expenses are capped at 15% of gross offering proceeds per Managed REIT.

Other Fees and Expense Reimbursements

Deal Costs

Managed REITs generally bear the costs associated with their investments (including costs related to the establishment and maintenance of investment vehicles) and prospective investments (even if CCIA does not proceed with a prospective investment for any reason (“Broken Deal Costs”)) and are required to reimburse CCIA for such investment-related costs if incurred by it. Such expenses may include, without limitation, acquisition or origination fees paid to CCIA, fees paid to joint venture partners (which may include management and/or incentive fees), fees of legal counsel, administrators, auditors and accountants, brokers, consultants, appraisers, property managers, transfer and other taxes, insurance costs, capital expenditures/maintenance, compensation and costs of management and leasing personnel, developer fees, costs related to construction and maintenance, custodian fees, fees for architectural, engineering or other studies or reports related to proposed or existing investments, fees and expenses of unaffiliated parties incident to the preparation and distribution of reports, travel expenses, and other out-of-pocket property and portfolio expenses, incurred in connection with the evaluation, negotiation, acquisition, operation and/or sale of proposed or existing investments. For certain Managed REITs, such reimbursements are not to exceed the greater of: (i) 2.0% of the Managed REIT’s average invested assets; or (ii) 25.0% of its net income determined without reduction for any additions to reserves for depreciation, loan losses or other similar non-cash reserves and excluding any gain from the sale of assets for that period.

The Managed REITs also bear Broken Deal Costs, which are third-party acquisition costs for proposed investments that are not completed. CCIA may allocate Broken Deal Costs to the Managed REIT or Companies that would have acquired or originated the investment according to CCIA’s allocation policy.

Fees Related to Special Servicing

NS Servicing II, LLC, a subsidiary of Colony NorthStar, may from time to time act as a special servicer with respect to CMBS held by certain Managed REITs, for which it is paid special servicing and related fees by the securitization vehicle. In certain instances, a Managed REIT may own the first loss position in a securitization vehicle and thus have the right to appoint the special servicer, which may create a conflict of interest and favor the appointment of NS Servicing II, LLC.

Fees Related to Strategic Relationships of Colony NorthStar

Colony NorthStar's asset management business includes a majority interest in Townsend and a minority interest in RXR and AHI. As an investor in certain operating businesses, Colony NorthStar may be entitled to receive distributions of operating cash flows as a result of fees paid to such businesses by Managed REITs for management and related services. Certain Managed REITs have engaged RXR and AHI for property management and related services and, thus, Colony NorthStar indirectly benefits from such fees.

Operating Expense Reimbursements

Managed REITs generally bear their own operating and other expenses (in addition to those listed above) including, but not limited to (i) legal expenses, (ii) internal and external accounting, audit and tax preparation expenses, (iii) insurance, and (iv) other operating expenses, and will reimburse Colony NorthStar for costs and expenses incurred by Colony NorthStar on their behalf.

Generally, each Managed REIT reimburses Colony NorthStar for a percentage of certain Colony NorthStar overhead expenses and employee compensation. CCIA allocates indirect costs to the Managed REITs related to employees, occupancy and other general and administrative costs and expenses in accordance with the terms of, and subject to the limitations contained in, each Managed REIT's advisory contract with CCIA. The indirect costs include the Managed REIT's allocable share of Colony NorthStar's compensation (including bonuses and equity compensation) and benefit costs associated with dedicated or partially dedicated personnel who spend all or a portion of their time managing the Managed REIT's affairs, based upon an estimate of the percentage of time devoted by such personnel to the Managed REIT's affairs. The indirect costs also include rental and occupancy, technology, office supplies, travel and entertainment (including, in certain instances, the cost of first class airfare) and other general and administrative costs and expenses, which may be allocated based upon various methodologies, such as weighted average employee count or an estimate of the percentage of time devoted by personnel to the Managed REIT's affairs. For any operating expenses that cannot be reimbursed because they exceed a particular Managed REIT's cap, the Managed REIT may reimburse those accrued operating expenses in a subsequent period when operating expenses fall below the applicable cap.

Pursuant to NorthStar Europe's management agreement with CCIA, each of NRF and NorthStar Europe is responsible for its direct costs and expenses and is obligated to reimburse Colony NorthStar for costs and expenses incurred by Colony NorthStar on its behalf. In addition, CCIA may allocate indirect costs and expenses incurred by Colony NorthStar related to employees, occupancy and other general and administrative costs and expenses for an amount not to exceed the following: (i) 20% of the combined total of (a) the general and administrative expenses as reported in the consolidated financial statements of each of NRF, NorthStar Europe and any new entity spun-off from NRF or NorthStar Europe after making certain adjustments described below (the "Managed REIT G&A"), and (b) Colony NorthStar's general and administrative expenses as reported in its consolidated financial statements, excluding equity-based compensation expense and adding back any costs or expenses allocated to any other managed company of Colony NorthStar; less (ii) the Managed REIT G&A (the "Maximum Allocable G&A"); provided, however, that NRF and NorthStar Europe will not be required to reimburse Colony NorthStar for any portion of the Maximum Allocable G&A for which Colony NorthStar receives reimbursement from the other of NRF or NorthStar Europe, as applicable, or any company spun-off from NRF or NorthStar Europe. Subject to the foregoing limitation and the limitations contained in the applicable management agreements between Colony NorthStar and NRF, NorthStar Europe or any company spun-off from NRF or NorthStar Europe, the amount of the Maximum Allocable G&A paid by NRF, NorthStar Europe and any company spun-off from NRF or NorthStar Europe will be determined by Colony NorthStar in its discretion. In determining the reimbursement described above, the reported general and administrative expenses of each of NRF, NorthStar Europe and any company spun-off from NRF or NorthStar Europe will be adjusted to exclude (1) equity-based compensation expenses, (2) non-recurring expenses, (3) fees payable to Colony NorthStar under the terms of the applicable management agreement entered into by such entity with Colony NorthStar and (4) any allocation of expenses from Colony NorthStar.

As a result of the Merger, the NRF management agreement has been terminated. CCIA does not expect to allocate costs and expenses to NorthStar Europe in manner that differs from its past practice. CCIA's authority to allocate costs and expenses may be deemed to create a conflict of interest for CCIA as there may be an incentive to allocate costs and expenses to NorthStar Europe in a manner that favors CCIA, and an incentive to allocate investment opportunities based on costs and expenses that NorthStar Europe will assume.

In addition, pursuant to NorthStar Europe's management agreement with CCIA, NRF and NorthStar Europe are obligated to pay or reimburse Colony NorthStar for up to 50% (in the aggregate) of any long-term bonus or other compensation that Colony NorthStar's compensation committee determines shall be paid and/or settled in the form of equity and/or equity-based compensation to executives, employees, service providers and staff of Colony NorthStar during any year. Subject to the foregoing and the limitations set forth in the applicable management agreements, the amount paid by NRF and NorthStar Europe will be determined by Colony NorthStar in its discretion. The equity compensation for each year may be allocated on an individual-by-individual and award-by-award basis at the discretion of the Colony NorthStar compensation committee and, as long as the aggregate amount of the equity compensation for such year does not exceed the limits set forth in the management agreement, the proportion of any particular individual's equity compensation may be greater or less than 50%. NRF and/or NorthStar Europe will also pay directly or reimburse Colony NorthStar for an allocable portion of any severance paid pursuant to any employment, consulting or similar service agreements in effect between Colony NorthStar and any of its executives, employees or other service providers.

Please see Item 12 for a discussion of CCIA's allocation policy and a discussion of factors that may affect the costs of executing portfolio transactions.

Timing and Deduction of Fees

All Managed REIT fees are generally calculated and payable quarterly in arrears. Managed REIT Fees are deducted from Managed REIT assets. More complete information about fees is contained in each Managed REIT's Governing Documents.

Item 6: Performance-Based Fees and Side-By-Side Management

Performance-based compensation arrangements, if any, are negotiated with each client on an individualized basis and will in all cases be in compliance with Section 205(3) of, or Rule 205-3 under, the Advisers Act. The payment of performance-based compensation may be subject to a specified "hurdle" rate.

Performance-based compensation may be deemed to create a conflict of interest for CCIA, as there could be an incentive for the adviser to: (i) value assets in a manner that increases CCIA's remuneration and (ii) make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation. In addition, if some Managed REITs pay a performance-based fee or allocation while others do not, or if different Managed REITs pay different levels of asset- or performance-based fees or allocations, this may give rise to potential conflicts of interest. For example, CCIA has an incentive to favor those Managed REITs for which it begins receiving incentive fees at a lower "hurdle" rate because CCIA will benefit more from the improved performance of such Managed REITs. Similarly, CCIA has an incentive to favor those Managed REITs that pay a greater management fee over those Managed REITs that pay a lesser management fee and/or Managed REITs that pay acquisition or origination fees versus companies that do not pay acquisition or origination fees, because CCIA would receive greater compensation by doing so.

The allocation of CCIA's operating expenses among the Managed REITs may also create conflicts of interest. CCIA allocates certain expenses associated with managing Managed REIT assets among the applicable Managed REITs, based on the services provided to each Managed REIT and the limitations set forth in the Managed REITs' Governing Documents, at the discretion of CCIA. This may create incentives for CCIA to

allocate investment opportunities among the Managed REITs, based on the adviser's expenses that the Managed REIT will assume. In addition, CCIA's expense allocations may impact whether or not certain performance hurdles are met by a Managed REIT, which can impact whether CCIA receives incentive fees and promotes. This creates a conflict of interest and may create an incentive for CCIA to allocate expenses disproportionately among Managed REITs.

CCIA seeks to treat all Managed Vehicles in a fair and equitable manner over time and will act in a manner that it believes to be in the best interests of the Managed Vehicles. To that end, CCIA has established a variety of policies and other controls regarding, among other things, the allocation of investment opportunities, including those seeking to manage the conflicts of interest identified above. Please see *"Item 12: Brokerage Practices"* below for more information.

Item 7: Types of Clients

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

As a general matter, each Managed Vehicle is managed in accordance with its investment objectives, strategies and guidelines and is not tailored to the individual needs of any particular investor and an investment in a Managed Vehicle does not, in and of itself, create an advisory relationship between the investor and CCIA. Therefore, investors must consider whether the Managed Vehicle meets their investment objectives and risk tolerance prior to investing in a Managed Vehicle. The Managed Vehicles are not "investment companies" subject to registration under the Investment Company Act, although affiliates of CCIA not covered under this Brochure manage certain investment companies and CCIA or its affiliates may manage additional investment companies in the future.

Private Funds

The Managed Funds are generally private investment funds that qualify for an exclusion from the definition of an "investment company" under Section 3(c)(1) or 3(c)(7) of the Investment Company Act and are organized in both the United States and internationally, including in Guernsey, the Cayman Islands and Italy. The Managed Funds make direct investments in real estate assets and real estate-related assets, debt and distressed debt investments. CCIA has full discretionary authority with respect to investment decisions made on behalf of each Managed Fund and it makes and manages each investment in accordance with the purposes, terms, restrictions and limitations set forth in the Governing Documents of each Managed Fund, consisting principally of the Managed Fund's limited partnership agreement or limited liability company operating agreement. Each Managed Fund that makes multiple investments is generally subject to certain diversification and geographic limitations, as well as restrictions on incurring indebtedness, making passive investments in pooled investment vehicles, and entering into certain affiliated transactions.

Each U.S. investor participating in the Managed Funds is required to meet certain suitability and net worth qualification, such as (i) "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under Section 4(2) of the Securities Act of 1933, as amended, (ii) "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act, (iii) "qualified client" pursuant to Rule 205-3 of the Advisers Act, and/or (iv) "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act.

Real Estate Investment Trusts

Each Managed REIT, publicly-traded or non-traded, managed by CCIA has elected to qualify, or intends to elect to qualify, as a REIT under the U.S. Internal Revenue Code of 1986, as amended. Each such Managed REIT invests in the commercial real estate industry and originates, invests in and manages portfolios of commercial real estate debt, commercial real estate equity and other select equity and securities investments. As used herein, the term “commercial real estate industry” refers to all commercial property types, both in the United States and internationally, including but not limited to healthcare, hotel, net lease, retail stores, multifamily and multi-tenant properties.

As a general matter, each Managed REIT is a public company registered with the SEC under the Securities Act of 1933, as amended, and Securities Exchange Act of 1934, as amended. Each Managed REIT is managed in accordance with the investment objectives, strategies and guidelines approved by the Managed REIT’s board of directors or otherwise set forth in its Governing Documents. With respect to each Managed REIT, CCIA does not tailor its advisory services to the individual needs of any particular investor. Further, each Managed REIT is subject to certain investment restrictions for the purpose of preserving (i) its treatment as a REIT for federal income tax purposes and (ii) its exemption from registration under the Investment Company Act.

Other Clients

On December 29, 2016, in anticipation of its Merger with NRF and Colony, NSAM sold its minority equity interest in Island Hospitality Group, Inc. (“Island”), a hospitality-focused real estate management firm, to an insurance policy separate account, and entered into certain financing arrangements with a subsidiary of the insurance policy separate account. This minority interest is now an asset of the insurance policy separate account and its subsidiary, which are advised by an affiliate of CCIA. As a result of this transaction, CCIA is entitled to certain fees related to its advisory services to the insurance policy separate account and its subsidiary. The beneficial interest in the insurance policy separate account is held in a charitable trust. CCIA may provide investment advisory services to other types of clients now or in the future.

As noted above, this Brochure is intended for clients that are Managed REITs.

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

Methods of Analysis and Investment Strategies

CCIA invests in a broad spectrum of commercial real estate and related assets on behalf of the Managed REITs and may pursue opportunistic investments across the business lines of its Managed REITs, including corporate investments. CCIA’s ability to invest across the CRE market creates complementary and overlapping sources of investment opportunities based upon common reliance on real estate fundamentals and application of similar portfolio management skills. When providing investment advisory services, CCIA advises its Managed REITs with respect to all phases of the real estate investment process, including identifying, originating, acquiring, managing, financing/refinancing and divesting of investments.

CCIA uses a rigorous investment and underwriting process that has been developed and utilized by its senior management team leveraging their extensive CRE expertise over many years and focuses on the following factors designed to ensure each investment is being evaluated appropriately: (i) macroeconomic conditions that may influence operating performance; (ii) fundamental analysis of the underlying real estate collateral, including tenant rosters, lease terms, zoning, operating costs and the asset’s overall competitive position in its market; (iii) real estate market factors that may influence the economic performance of the collateral including leasing conditions; (iv) the operating expertise and financial strength and reputation of the sponsor or borrower; (v) the cash flow in place and projected to be in place over the term of the loan and potential return to the sponsor or borrower; (vi) the appropriateness of estimated costs associated with tenant buildout, repositioning or capital improvements; (vii) a

valuation of the property, a Managed REIT's investment basis relative to its value and the ability to liquidate an investment through a sale or refinancing of the underlying asset; (viii) review of third-party reports including appraisals, engineering and environmental reports; (ix) physical inspections of properties and markets; (x) the overall legal structure of the investment, contractual implications and the lenders' rights; and (xi) the tax and accounting impact.

CCIA, on behalf of its Managed REITs, seeks to make real estate and real estate debt investments that offer attractive risk-adjusted returns and evaluate the risk based upon established underwriting criteria and the pricing of comparable investments.

Real Estate Investments

As part of CCIA's real estate investment advisory business, CCIA explores a variety of real estate investments in the United States and internationally for its Managed REITs. CCIA's investment strategy is currently focused on real estate investments, which may include the following asset categories, as described in the relevant client governing documents: (i) healthcare properties, (ii) hotels, (iii) net lease properties, (iv) multifamily properties, (v) multi-tenant office properties, (vi) other opportunistic real estate investments such as indirect interests in real estate through real estate private equity funds and other joint ventures, and (vii) CRE securities. CCIA also may establish and/or sponsor strategic arrangements and partnerships, directly or on behalf of its Managed REITs.

Real Estate Debt Investments

As part of CCIA's CRE debt investment advisory business, Colony NorthStar focuses on originating, structuring, acquiring and managing senior and subordinate debt investments for its Managed REITs, secured primarily by commercial, multifamily and healthcare properties, including first mortgage loans, subordinate interests, mezzanine loans, credit tenant loans and other loans, including preferred equity interests in borrowers who own such properties. The collateral underlying such CRE debt investments consists primarily of income-producing real estate assets, properties that require some capital investment to increase cash flows or assets undergoing repositionings or conversions. These instruments are generally held for investment by the Managed REITs, but from time to time CCIA (on behalf of its Managed REITs) may syndicate or sell portions of loans to seek to maximize risk-adjusted returns, manage credit exposure and generate liquidity. Colony NorthStar emphasizes direct origination of its debt investments as this allows a greater degree of control over how the investments are underwritten and structured and provides the opportunity to syndicate senior or subordinate interests in the loans, if desired. CCIA may from time to time cause its Managed REITs to take title to collateral in connection with a CRE debt investment as real estate owned.

When CCIA's Managed REITs invest directly in real estate debt, they earn interest income and origination fees and other fee income paid by the borrower. The Managed REITs may also leverage the investment to earn a spread between the yield on the asset and the cost of funds in order to increase returns.

Leverage Strategy

CCIA may employ leverage on behalf of its Managed REITs. CCIA's financing strategy for the Managed REITs focuses on match funding assets and liabilities by having similar maturities and like-kind interest rate benchmarks (fixed or floating) to manage refinancing and interest rate risk. In terms of CRE debt and securities investments and real estate portfolios, CCIA pursues a variety of financing arrangements. Such financing arrangements include securitization financing transactions, term and revolving corporate credit facilities, repurchase facilities, mortgage notes and other borrowings. The amount of borrowings may depend upon the nature and credit quality of the Managed REIT's assets, the structure of its financings and where possible, CCIA seeks to limit recourse borrowings. Currently, the Managed REIT's real estate portfolios are predominately financed with non-recourse mortgage notes, but may also include recourse corporate credit facilities.

Hedging

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

Material Risks

Risk of Loss

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

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

General Risks

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

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

- *Interest Rate Risks.* Fluctuations in interest rates may adversely affect the ability of the Managed REITs to successfully acquire investments and may also adversely affect the performance of the Managed REITs'

investments.

The financial performance of the Managed REITs is influenced by changes in interest rates, in particular, as such changes may affect CRE securities, floating-rate borrowings and CRE debt to the extent such debt does not float as a result of floors or otherwise. Changes in interest rates, including changes in expected interest rates or “yield curves,” affect the Managed REITs’ businesses in a number of ways. Changes in the general level of interest rates can affect net interest income, which is the difference between the interest income earned on interest-earning assets and the interest expense incurred in connection with interest-bearing borrowings and hedges. Changes in the level of interest rates also can affect, among other things, the Managed REITs’ abilities to acquire CRE securities, originate or acquire CRE debt at attractive prices and enter into hedging transactions. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond the Managed REITs’ control.

In addition, interest rates may impact the Managed REITs’ use of any leveraged capital structure, in which case a third party would be entitled to cash flow generated by such investments prior to the investing Managed REIT receiving a return.

- *Leverage.* Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can exaggerate the effect of any increase or decrease in value of an investment and will increase the exposure of the investments to adverse economic factors, such as fluctuations in interest rates, downturns in the local economies in which the investments are located or deterioration in the condition of the investments. Accordingly, the use of leverage may cause a Managed REIT’s value to be more volatile than it would be in the absence of such leverage. In addition, to the extent a strategy employed on behalf of a Managed REIT is dependent on leverage, the availability (or lack thereof) and cost of financing may significantly affect the ability of the Managed REIT to execute its investment strategy.
- *Litigation.* In the ordinary course of business, owners of real estate may be subject to litigation from time to time. The outcome of such proceedings may adversely affect the value of an investment and may continue without resolution for long periods of time.

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

- *Risky and Illiquid Investments.* Real estate and related investments are generally risky and illiquid and there can be no assurance that investing in a Managed REIT will be able to realize on any such investment in a timely manner. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on the investment’s resale by the applicable Managed REIT.

Additionally, investments in private equity funds may be particularly illiquid, as there is often no secondary market in private equity securities and private equity investments often have “lock-up periods” during which an investor may not sell its interests. Reduced issuances of CMBS and other debt securities may harm the real estate market generally or the Managed REITs directly. As a result, a Managed REIT’s ability to sell commercial real estate investments in response to changes in economic and other conditions, could be limited, even at distressed prices. The Internal Revenue Code also places limits on a Managed REIT’s ability to sell properties in certain circumstances. These considerations could make it difficult for a Managed REIT to sell or dispose of any of its assets even if a disposition were in the best interests of its investors. As a result, a Managed REIT’s ability to vary its portfolio in response to further changes in economic and other conditions may be relatively limited, which may result in losses. In addition, disposing of illiquid

investments, particularly investments that are large or complex, may take considerable time and expense, and may be disruptive to managing other assets on behalf of the Managed REITs.

- *Operational Risks.* Many investments are subject to operational risks – risks that the internal processes and systems designed to operate a business, property or other entity safely and efficiently are in some fashion inadequate or that the individuals tasked with managing such processes and systems fail to properly carry out their functions.
- *Foreign Investments.* The Managed REITs invest in CRE assets located in foreign countries, including significant investments in Europe, and Managed REITs may pursue other investment opportunities in foreign countries in the future. Accordingly, the business and financial results of the Managed REITs could be adversely affected due to currency fluctuations, social or judicial instability, acts or threats of terrorism, changes in governmental policies or policies of central banks, expropriation, nationalization and/or confiscation of assets, price controls, fund transfer restrictions, capital controls, exchange rate controls, taxes, inadequate intellectual property protection, unfavorable political and diplomatic developments, changes in legislation or regulations and other additional international developments or restrictive actions. These risks are especially acute in emerging markets. As in the United States, many non-U.S. jurisdictions in which Managed REITs may do business have been negatively impacted by recessionary conditions. Non-U.S. investments may also be subject to extensive regulation by various non-U.S. regulators, including governments, central banks and other regulatory bodies, in the jurisdictions in which those businesses operate. Non-U.S. investments may impact performance of Managed REITs and distributions to investors necessary to maintain such Managed REIT's qualification as a REIT for tax purposes.
 - *Restrictions on Repatriation of Capital and Profits.* Some countries in which certain Managed REITs may invest control, in varying degrees, the repatriation of capital and profits that result from foreign investment. Capital markets, often opaque, continue to be highly regulated and will likely be subject to continuing government restrictions. There can be no assurance that the Managed REITs investing in such countries will be permitted to repatriate capital or profits, if any, from these countries.
 - *Inflation.* Some countries in which certain Managed REITs may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the investments in these countries or the Managed REIT's returns from such investments.
 - *Non-U.S. Economic, Political, Regulatory and Social Risks.* Investments by the Managed REITs may be subject to economic, political, regulatory, and social risks, which may affect the liquidity of such investments. The governments of certain of the countries in which the Managed REITs may invest have exercised and continue to exercise substantial influence over many aspects of the private sector. The availability of investment opportunities for the Managed REITs depends in part on governments continuing to liberalize their policies regarding foreign investment and to further encourage private sector initiatives. In certain jurisdictions, foreign ownership of assets and companies may be restricted, requiring the Managed REITs investing in such countries to share the applicable investments with local third-party partners or investors, and there may be significant local land use and permit restrictions, local taxes, and other transaction costs which adversely affect the returns sought by the investing Managed REITs. The Managed REITs do not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic actions in such countries, which could affect private sector assets and real estate and real estate-related companies and the prices and yields of investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, political, economic, or social instability or other economic or political developments could adversely affect the assets of the Managed REITs that are held in particular countries. Political changes or a deterioration of a particular

country's domestic economy or balance of trade may indirectly affect the investments of the Managed REITs in a particular assets or company in such country. Moreover, the investments could be adversely affected by changes in the general economic climate or the economic factors affecting industries in which the Managed REITs have invested, changes in tax law or specific developments within such industries or interest rate movements. While the investment manager of such Managed REITs intend to manage these investments in a manner that will minimize investing Managed REITs' exposure to such risks, there can be no assurance that adverse political or economic changes will not cause such Managed REITs to suffer losses. Any significant military action by the U.S. and/or its allies, terrorist attacks and/or the anticipation of any such actions or response to them may have a further adverse impact on worldwide economic stability. It is not possible to predict the severity of the effect that terrorist activity and/or military response will have on the economic situation of the countries in which certain Managed REITs may invest. Nevertheless, any resulting economic instability or downturn could affect the returns sought by such Managed REITs.

- *Undeveloped Infrastructure.* In certain countries where the Managed REITs may invest, capital and advanced technology are significantly limited. Delays in local postal, transport, banking or communications systems could cause investing Managed REITs to lose rights, opportunities, entitlements or funds and expose such Managed REITs to currency fluctuations
- *Ability to Enforce Legal Rights.* Because of the effectiveness of the judicial systems in the countries in which the Managed REITs may invest varies, the Managed REITs may have difficulty in successfully pursuing claims in the courts of such countries, as compared to those of the U.S. or other developed countries. Further, to the extent that a Managed REIT may obtain a judgment but is required to seek its enforcement in the courts of one of these countries, there can be no assurance that such a court will enforce such a judgment.
- *Currency Rates.* Fluctuations in currency rates may adversely affect the ability of the Managed REITs to successfully acquire non-U.S. assets and may also adversely affect the performance of the Managed REITs' investments in such assets. Because non-U.S. securities or other non-U.S. assets may be purchased with and payable in currencies of countries other than the U.S., the value of these assets measured in U.S. dollars may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. In addition to currency and exchange risks, these investments may be subject to additional risks relating to foreign political and regulatory risks, which may affect the liquidity of such investments. Additional risks include possibilities of instability of the local country's political and economic structures and less predictable means of dispute resolution and enforcement of local rights regarding investments.

Some countries in which certain Managed REITs invest may employ managed exchange rate regimes which, in addition to other policies, may distort the results of, and returns on, the investments in such countries. Several countries, however, have been unable to sustain their exchange rates and have devalued their currency or shifted to floating exchange rate regimes. It is not possible over the life of any Managed REIT making such investments to assess the degree to which individual currencies will be permanently affected, but significant depreciation of any particular currency may adversely impact the investments in the applicable country and/or such Managed REIT's returns from such investments.

- *Competition.* The Managed REITs face competition from other real estate investors, some of which have greater financial resources, including publicly-traded REITs, non-traded REITs, insurance companies, commercial and investment banking firms, private institutional funds, hedge funds, private equity funds and other investors and that competition may limit the amount of new investments that CCIA is able to cause its Managed REITs to acquire. CCIA may not be able to compete successfully for investments on behalf of the Managed REITs. In addition, over the past several years, an increasing number of funds have been formed with investment objectives similar to those of the Managed REITs and the number of entities

and the amount of funds competing for suitable investments may increase. If these events occur, Managed REITs may experience lower investment performance. There can be no assurance that CCIA will be able to locate and complete investments for its Managed REITs that satisfy their respective rate of return objectives or realize upon their values or that the Managed REITs will be able to invest fully their available capital, which would have an adverse impact on returns.

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

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

- *Manager Risk.* The Managed REITs are subject to the risk that CCIA's purchases, sales, and/or management of investments on behalf of the Managed REITs may not produce the desired results and may have an adverse impact on the Managed REIT. The Managed REITs are also subject to the risk that CCIA's internal business structure, reputation or strategic initiatives will limit CCIA from competing successfully for investment opportunities on behalf of the Managed REITs or be disruptive to the services provided to the Managed REITs.
- *Integration Risk.* In connection with the merger of Colony Capital, Inc., NorthStar Asset Management Group Inc. and NorthStar Realty Finance Corp., the surviving company, Colony NorthStar, Inc., may not be able to effectively integrate the various business lines. Integration may involve risks, including, for example, the following risks:
 - the ability to effectively integrate internal processes and systems, technology enterprises, personnel, and compliance controls;
 - the ability to effectively incorporate and implement uniform policies and procedures;
 - the ability to create an effective unified culture of compliance among personnel;

- operational concerns that may impact services provided to clients and investors, or, in some cases, the transition of management of accounts to different advisers; and
 - the ability to provide proper disclosure updates resulting from the merger.
- *Cyber Security Risk.* As the use of technologies, such as the internet, has become more common in conducting business, Managed REITs may be more susceptible to operational, information security, and related risks in connection with breaches in cyber security. Generally, a cyber security failure may result from either intentional attacks or unintentional events and include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, causing a Managed REIT to lose proprietary information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. A cyber security failure could cause a Managed REIT and/or CCIA to become subject to regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial losses. Cyber security failures may involve third party service providers, joint venture partners, and investments made by, or counterparties in transactions with, CCIA or the Managed REITs. CCIA has established policies and procedures reasonably designed to reduce the risks associated with cyber security failures, however, there can be no assurance that these policies and procedures will prevent or mitigate the impact of cyber security failures.
 - *Key Personnel Risk.* The Managed REITs are subject to the risk that they will lose the services of key personnel. It may be difficult or disruptive for Managed REITs to replace the experience of these key personnel and the relationships they have developed with real estate professionals and financial institutions.
 - *Environmental Risks.* As is the case with any holder of real estate investments, the Managed REITs could face substantial risk of loss from environmental claims based on environmental problems associated with their investments. The Managed REITs might invest in real estate, or mortgage loans secured by real estate, with environmental problems that materially impair the value of the real estate. Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous substances released at the property, and may be held liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by such parties in connection with the contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. The owner or operator of a site may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the site. The Managed REITs may experience environmental liability arising from conditions not known to them.

Real Estate-Related Risk

- *Real Estate Risk.* The Managed REITs' investments in commercial real estate are subject to risks typically associated with real estate. The value of real estate may be adversely affected by a number of risks, including, without limitation:
 - local, state, national or international economic conditions;
 - real estate conditions, such as an oversupply of or a reduction in demand for real estate space in an area;
 - tenant/operator mix and the success of the tenant/operator business;
 - property management decisions;
 - property location and conditions;

- property operating costs, including insurance premiums, real estate taxes and maintenance costs;
- the perceptions of the quality, convenience, attractiveness and safety of the properties;
- branding, marketing and operational strategies;
- competition from comparable properties;
- the occupancy rate of, and the rental rates charged at, the properties;
- the ability to collect on a timely basis all rent;
- the effects of any bankruptcies or insolvencies;
- the expense of leasing, renovation or construction;
- changes in interest rates and in the availability, cost and terms of mortgage financing;
- unknown liens being placed on the properties;
- bad acts of third parties;
- the ability to refinance mortgage notes payable related to the real estate on favorable terms, if at all;
- changes in governmental rules, regulations and fiscal policies;
- tax implications;
- changes in laws, including laws that increase operating expenses or limit rents that may be charged;
- the impact of present or future environmental legislation and compliance with environmental laws, including costs of remediation and liabilities associated with environmental conditions affecting properties;
- cost of compliance with the Americans with Disabilities Act of 1990;
- adverse changes in governmental rules and fiscal policies;
- social unrest and civil disturbances;
- acts of nature, including earthquakes, hurricanes and other natural disasters;
- terrorism;
- the potential for uninsured or underinsured property losses;
- adverse changes in state and local laws, including zoning laws; and
- other factors which are beyond control.

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

- *Casualty Losses; Uninsurable Losses.* CCIA expects to maintain or cause each Managed REIT to maintain comprehensive casualty insurance on its investments, including liability and fire and extended coverage. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods and hurricanes that may be uninsurable or not economically insurable. The Managed REITs may or may not obtain, or be able to obtain, or require borrowers to obtain, terrorism insurance. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, might not be adequate to restore the economic value of the property, which might

impair a Managed REIT's security and decrease the value of the property. For debt investments, the Managed REITs are subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance.

- *Financial Condition of Tenants or Operators.* Real estate investments made by the Managed REITs may be adversely affected by financial difficulties experienced by any of their major tenants/operators, including bankruptcy, insolvency or a general downturn in the business, or in the event that any of the major tenants/operators do not renew or extend their relationship with CCIA as their lease terms expire.

The Managed REITs are exposed to the risk that the tenants/operators of properties in which they invest may not be able to meet their obligations to the Managed REITs or other third parties, which may result in their bankruptcy or insolvency. Although the leases and loans permit CCIA and the Managed REITs to evict a tenant/operator, demand immediate repayment and pursue other remedies, bankruptcy laws afford certain rights to a party that has filed for bankruptcy or reorganization. A tenant/operator in bankruptcy may be able to restrict CCIA's ability to collect unpaid rents or interest on behalf of the Managed REITs during the bankruptcy proceeding. Furthermore, dealing with a tenant/operator's bankruptcy or other default may divert CCIA's attention and cause the Managed REITs to incur substantial legal and other costs. Certain tenants/operators/managers may operate or manage properties of CCIA's competitors, which may create conflicts of interests that may harm the Managed REITs. Furthermore, AHI and other joint venture partners may manage other properties on behalf of other firms which could create additional conflicts of interest.

Healthcare Real Estate-Related Risk

- *Regulation of the Healthcare Industry.* The healthcare industry is heavily regulated by federal, state and local governmental bodies. Healthcare facility operators, including those in the senior housing sector, generally are subject to extensive laws and regulations covering, among other things, licensure, certification for participation in government programs, and relationships with physicians and other referral sources. Changes in these laws and regulations could negatively affect the ability of the Managed REITs' operators to meet their obligations to the Managed REITs. In addition, failure by the Managed REITs' operators to comply with the laws and regulations may materially adversely affect the Managed REITs' business and financial condition.
- *Licensure, Certification and CON.* The operators of many of the properties owned by the Managed REITs, including hospitals, skilled nursing facilities and assisted living facilities, are subject to extensive state licensing and registration laws. The failure of operators to maintain or renew any required license, certification, accreditation or regulatory approval could prevent a facility from operating in the manner intended by the operators which could have an adverse effect on the ability of the Managed REITs' operators to meet their obligations to the Managed REITs. Certain of the Managed REITs' healthcare properties are subject to a variety of state certificate of need ("CON") laws and regulations, which may restrict the ability of operators to add new properties or to expand an existing facility's size or services. In addition, CON laws and regulations may constrain the ability of the Managed REITs to transfer responsibility for operating a particular facility to a new operator.
- *Reform of the Healthcare Industry.* The Patient Protection and Affordable Care Act of 2010, or PPACA, and the Healthcare and Education Reconciliation Act of 2010, which amends PPACA (collectively, the "Health Reform Laws"), and certain follow-on laws (e.g., the Improving Medicare Post-Acute Transformation Act of 2014) serve as the primary vehicle for comprehensive healthcare reform in the United States and are becoming effective through a phased approach, which began in 2010 and will conclude in 2018. The Health Reform Laws are intended to reduce the number of individuals in the United States without health insurance and significantly change the means by which healthcare is organized, delivered and reimbursed. Among other provisions, the legislation includes: (i) program integrity provisions that both create new

authorities and expand existing authorities for federal and state governments to address fraud, waste and abuse in federal health programs; (ii) expanded reporting requirements and responsibilities related to property ownership and management, patient safety and care quality; and (iii) new initiatives to strengthen post-acute care services and promote relationships between acute and post-acute care providers. The inability or failure to comply with these reform laws could impact the ability of the Managed REITs' operators to participate in federal health care programs, causing revenues to decline and ultimately impact their ability to meet their financial obligations to the Managed REITs.

- *Patient Care Related Legal Actions Risk.* The Managed REITs' operators may be subject to claims that their services have resulted in resident injury or other adverse effects. The insurance coverage maintained by operators, whether through commercial insurance or self-insurance, may not cover all claims made against them or continue to be available at a reasonable cost, if at all. In some states, insurance coverage for the risk of punitive damages arising from professional liability and general liability claims and litigation may not, in certain cases, be available to the operators due to state law prohibitions or limitations of availability. As a result, the operators operating in these states may be liable for punitive damage awards that are either not covered or are in excess of their insurance policy limits.
- *Healthcare Fraud and Abuse Enforcement.* Healthcare providers, including, but not limited to skilled nursing facilities and hospitals (and some senior housing facilities), are subject to federal and state laws and regulations that govern their operations and arrangements with referral sources. These laws include: (i) laws requiring providers to furnish only medically necessary services and submit to the government valid and accurate statements for each service; (ii) state anti-kickback laws and the Federal Anti-Kickback Statute, which generally prohibit persons from offering, providing, soliciting, or receiving remuneration to induce either the referral of an individual or the furnishing of a good or service for which payment may be made under a government healthcare program, such as Medicare or Medicaid; (iii) the federal physician self-referral law (commonly known as the Stark Law), which generally prohibits the submission of claims to Medicare for payment that were the result of a referral by a physician who has a financial relationship with the health service provider and analogous state laws; and (iv) the Civil Monetary Penalties Act and the Federal False Claims Act, including its "whistleblower" provisions, which prohibits, among other things, the knowing presentation of a false or fraudulent claim for certain healthcare services. These lawsuits can involve significant monetary damages and award bounties to private plaintiffs who successfully bring these suits. Additionally, certain laws, including the Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the Health Reform Laws have broadened the federal fraud and abuse laws to enhance both the scope and the penalties for non-compliance with the laws. Sanctions for violations of these laws, regulations, and other applicable guidance may include, but are not limited to, criminal and/or civil penalties and fines, loss of licensure, immediate termination of government payments and exclusion from government healthcare programs, any of which could have a material adverse effect on the ability of the Managed REITs' operators to meet its financial obligations to the Managed REITs. Additionally, private lawsuits brought under a federal whistleblower statute designed to combat fraud and abuse in the healthcare industry have resulted in increased enforcement activity and can involve significant monetary damages and awards to private plaintiffs who successfully bring these suits. Typically, insurance is not available to cover such losses.
- *Demand for Assisted Living Services.* Events could occur that could adversely affect the ability of seniors to afford the monthly resident fees or entrance fees (including downturns in the economy, housing market, consumer confidence or the equity markets) and, in turn, materially adversely affect CCIA's business, financial condition and results of operations and the Managed REITs' ability to make distributions. Costs to seniors associated with assisted living services are generally not reimbursable under government reimbursement programs such as Medicare and Medicaid. Only seniors with income or assets meeting or exceeding the comparable median in the regions where facilities will be located typically will be able to afford to pay monthly resident fees for the mid-acuity type senior housing facilities the Managed REITs

seek to acquire. Economic downturns, softness in the housing market, lower levels of consumer confidence, reductions or declining growth of government entitlement programs, such as social security benefits, stock market volatility and changes in demographics could adversely affect the ability of seniors to afford the monthly resident fees or entrance fees for senior housing facilities.

- *Reductions in Reimbursements.* Reimbursement rates from third-party payors, including Medicare and Medicaid, have been reduced in the past and could be reduced again in the future, which would materially adversely affect the financial condition, results of operations the ability to make distributions of the Managed REITs. The Managed REITs' ability to generate revenue and profit influences the underlying value of their mid-acuity senior housing facilities. Changes in the reimbursement rate or methods of payment from third-party payors, including Medicare and Medicaid, or the implementation of other measures to reduce reimbursements, have in the past, and could in the future, result in a substantial reduction in the Managed REITs' operators' revenues and, therefore, their operators' ability to pay rent.
- *Adverse Trends.* The healthcare industry, including the senior housing sector, is currently experiencing:
 - changes in the demand for and methods of delivering healthcare services;
 - changes in third-party reimbursement policies;
 - significant unused capacity in certain areas, which has created substantial competition for patients among healthcare providers in those areas;
 - continued pressure by private and governmental payors to contain costs and reduce payments to providers of services;
 - increased scrutiny of billing, referral and other practices by federal and state authorities; and
 - increased "whistleblower" litigation activity under the federal False Claims Act.

These factors may adversely affect the economic performance of some or all of the Managed REITs' targeted senior housing and other healthcare-property operators and, in turn, the Managed REITs' lease revenues and the Managed REITs' ability to make distributions.

Hotel Real Estate-Related Risk

- *Hotel Industry Risk.* Certain Managed REITs invest in hotel properties, which are subject to risks associated with the lodging industry. The value of hotel properties may be adversely affected by travel patterns of business and leisure travelers, both of which are affected by the strength of the economy, as well as other factors. Certain types of hotels, including upscale extended stay and select service hotels that target business and high-end leisure travelers, may be more susceptible to a decrease in revenue, as compared to hotels in other categories that have lower room rates. In addition, the value of hotel properties may be adversely affected by other risks, including, without limitation:
 - changes in the international, national, regional and local economic climate;
 - changes in business and leisure travel patterns;
 - increases in energy costs or airline fares or terrorist incidents;
 - outbreaks of disease, poor weather, earthquakes, hurricanes or other natural disasters;
 - physical damage to, and lost income from, hotels as a result of natural disasters and other causes;
 - changes in room rates and increases in operating costs;
 - supply growth in the hotel markets;

- the performance of hotel managers;
- unionization of the labor force at hotels;
- changes in government laws and regulations, including minimum wage laws and zoning ordinances, and the related costs of compliance therewith and the potential for liability under applicable laws; and
- the potential for uninsured or underinsured property losses.

These factors may have a material adverse effect on the value of hotel properties and returns that such Managed REITs can realize from such properties.

- *Hotel Management Risk.* Third-party managers are relied upon to operate hotel properties. There is a risk that these third-parties will fail to successfully manage the daily operation and marketing of hotel properties. Management of room rates, food and beverage pricing, the quality of services and amenities, hotel employees and operations, and similar matters may impact the value of and investment returns from hotel properties.

CRE Debt and Securities Risk

- *CRE Debt and Securities.* CRE debt and securities investments are generally directly or indirectly secured by a lien on real property. The occurrence of a default on a CRE debt investment could result in a Managed REIT acquiring ownership of the property. CCIA does not know whether the values of the properties ultimately securing CRE debt and ultimately securing the mortgage loans underlying CRE securities will remain at the levels existing on the dates of origination of these underlying mortgage loans and the dates of origination of the loans ultimately securing the CRE securities, as applicable. If the values of the properties drop, the risk will increase because of the lower value of the collateral and reduction in borrower equity associated with the related loans. In this manner, real estate values could impact the values of CRE debt and securities investments. CRE equity investments may be similarly affected by real estate property values. Therefore, CRE equity, debt and securities investments are subject to the risks typically associated with real estate.
- *Subordinate Debt Investments.* Certain of the Managed REITs' investments may consist of loans or securities, or interests in pools of securities, that are subordinated or may be subordinated in right of payment and ranked junior to other securities issued by, or loans made to obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in priority to the Managed REITs. After repaying the senior creditors, such obligor may not have any remaining assets to repay its obligations to remaining investors. Where debt senior to a Managed REIT's debt investment exists, the presence of inter-creditor arrangements may limit a Managed REIT's ability to amend its debt agreements, assign its debt, accept prepayments, and exercise remedies (through standstill periods) and control decisions made in bankruptcy proceedings relating to its borrowers. As a result, the Managed REITs may not recover some or all of their investment. In addition, real properties with subordinate debt may have higher loan-to-value ratios than conventional debt, resulting in less equity in the real property and increasing the risk of loss of principal and interest.
- *Commercial Mortgage Backed Securities Risk.* The Managed REITs have invested and may invest in a variety of CMBS, including subordinate securities that are subject to the first risk of loss if any losses are realized on the underlying mortgage loans. CMBS entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of commercial mortgage loans. The CMBS that the Managed REITs acquire and the mortgage loans underlying their CMBS investments are subject to the ability of the property owner to generate net income from operating the property as well as the risks of delinquency and foreclosure. The ability of a commercial mortgage borrower to repay a loan secured by an income-producing property, such as a multifamily or commercial property, typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Consequently,

CMBS will be adversely affected by payment defaults, delinquencies and losses on the underlying commercial real estate loans, which began to increase significantly toward the end of 2008 and may continue.

Furthermore, if the rental and leasing markets do not continue to improve, including by increasing occupancy rates and increasing market rental rates, it could reduce cash flow from the loan pools underlying the Managed REITs' CMBS investments. The CMBS market is dependent upon liquidity for refinancing and will be negatively impacted by a slowdown in the new issue CMBS market. Net operating income of an income-producing property can be affected by, among other things, tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the underlying collateral. In the event of any default under a mortgage loan held directly by the Managed REITs, the Managed REITs will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral (or their ability to realize such value through foreclosure) and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the Managed REITs. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process, which could have a substantial negative effect on the anticipated return on the foreclosed mortgage loan.

- *Collateralized Debt Obligations.* CDOs are multiple class securities secured by pools of assets, such as CMBS, mortgage loans, subordinate mortgage and mezzanine loans and REIT debt. Like typical securitization structures, in a CDO, the assets are pledged to a trustee for the benefit of the holders of the CDO bonds. Like CMBS, CDO notes are affected by payments, defaults, delinquencies and losses on the underlying loans or securities. To the extent a Managed REIT retains or invests in the equity interests of a CDO, it is entitled to all of the income generated by the CDO after the CDO pays all of the interest due on the senior securities and its expenses. There may be little or no income or principal available to the holders of CDO equity interests if defaults or losses on the underlying collateral exceed a certain amount. In that event, the value of investments in any equity interest of a CDO could decrease substantially. In addition, the equity interests of CDOs are illiquid and often must be held by a REIT and because they represent a leveraged investment in the CDO's assets, the value of the equity interests will generally have greater fluctuations than the value of the underlying collateral.
- *Credit Spread Risk.* The Managed REITs' investments in commercial real estate loans are subject to changes in credit spreads. When credit spreads widen, the economic value of such investments decrease. Even though such an investment may be performing in accordance with its terms and the underlying collateral has not changed, the economic value of the investment may be negatively impacted by the incremental interest foregone from the widened credit spread.
- *Market Volatility and Due Diligence Risk.* Periods of market volatility and lack of liquidity may make the valuation process pertaining to certain of the Managed REITs' assets difficult, particularly any CMBS assets for which there was limited market activity. CCIA's estimate of the value of these investments will be primarily based on

active issuances and the secondary trading market of such securities as compiled and reported by independent pricing agencies. CCIA's estimate of fair value, which will be based on the notion of orderly market transactions, requires significant judgment and consideration of other indicators of value such as current interest rates, relevant market indices, broker quotes, expected cash flow and other relevant market data as appropriate. CCIA's estimates could be wrong and there is a heightened risk of this during challenging and volatile market environments. The amount that a Managed REIT could obtain if CCIA were forced to liquidate securities investments into the current market could be materially different than management's best estimate of fair value.

Private Equity Investments Risk

- *General Risks.* Managed REITs may be subject to the risks of investments in private equity-style real estate funds ("**PE Investments**"). PE Investments in general are subject to a variety of risks, including, without limitation, risks related to: (i) the quality of the management of the portfolio funds and the ability of such management to successfully select investment opportunities; (ii) general economic conditions; and (iii) the ability of the portfolio funds to liquidate investments on favorable terms or at all. In addition, PE investments are generally illiquid because there is a limited or no secondary market in which to sell the PE investments and any such sale is subject to the consent of the general partner of the portfolio fund. PE investments also involve high levels of fees and expenses because the Managed REIT, as a limited partner of the portfolio fund, generally will pay a management fee and promote to the manager/general partner and also pay organizational, offering and operating expenses of the portfolio fund. In certain instances, a Managed REIT may invest in a portfolio fund that is sponsored and/or managed by an affiliate or strategic partner of CCIA or a Managed REIT, such as RXR Realty. The structure of a private equity transaction may also increase the use of leverage and risks related thereto. In addition, certain private equity investments may involve co-investments among Managed REITs, which may create conflicts of interest.
- *Investments in Smaller Private Companies.* Investments made in private companies involve a number of particular risks, including: (i) these companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors such as Managed REITs dependent on any guarantees or collateral that they may have obtained; (ii) these companies frequently have shorter operating histories, narrower product lines and smaller market share than larger business, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (iii) there may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality; and (iv) these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.
- *Third Party and Co-Investment Risk.* Clients may co-invest with third parties. These transactions potentially raise conflicts of interest. For example, a Client may co-invest with certain Colony NorthStar funds, current limited partners of the Client or other market participants with which Colony NorthStar, CCIA, or an affiliate, has important business relationships, and such relationships could influence the decisions made by the Client's general partner and/or Colony NorthStar with respect to the purchase or sale of such investments. Further, such third parties could have interests that may be contrary to such Client's investment objective or which may conflict with the Client's interest. In those circumstances where such third parties involve a management group, such third parties may receive compensation relating to such investments, including incentive compensation arrangements. There can be no assurance that the foregoing will not have an adverse impact on the Client's ability to find, consummate and/or exit investments.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

CCIA and its affiliates serve as manager, adviser, general partner and managing member to Clients. CCIA and its affiliates will devote such time as shall be necessary to conduct the business affairs of each of its Clients in an appropriate manner. However, personnel of CCIA and its affiliates will work on several projects at any time and, therefore, conflicts may arise in the allocation of personnel and other management resources. CCIA and its affiliates are not required to manage any one Client as its sole and exclusive function, and CCIA, its affiliates and their respective agents, officers, directors and employees may engage in or possess any interests in business ventures and may generally engage in other activities independently or with others, including the rendering of advice or services of any kind to other investors and the making or management of other investments or other investment Clients.

Each CCIA Adviser is an indirect subsidiary of Colony NorthStar. In some cases, CCIA Advisers or CCIA or its subsidiaries may have business arrangements with related persons/companies that are material to their advisory business or to the Managed Vehicle. In some cases, these business arrangements may create a potential conflict of interest, or appearance of a conflict of interest between a CCIA Adviser and a Managed Vehicle.

Colony NorthStar is a minority owner of RXR Realty, a real estate owner, developer and investment management company focused on the New York City Tri-State area. Colony NorthStar and RXR Realty co-sponsor NS/RXR, which is a Non-Traded Managed REIT managed by a CCIA Adviser and sub-advised by RXR Realty. CCIA and RXR Realty are entitled to receive management, sub-advisory fees and/or other service fees and expense reimbursements from such NS/RXR, as described in Item 5, above. Additionally, Colony NorthStar may be entitled to certain fees based on the performance of RXR Realty's investment management business. In addition, NS/RXR may invest in funds sponsored by RXR Realty, which would subject NS/RXR to additional fund-level fees and expenses that benefit RXR Realty and CCIA. Finally, Colony NorthStar may provide distribution support NS/RXR, which may represent a conflict of interest for their respective advisers.

Colony NorthStar has also formed the Healthcare JV with James F. Flaherty III, former Chairman and Chief Executive officer of HCP, Inc. Mr. Flaherty helps manage the healthcare real estate portfolios of Colony NorthStar and other Managed REITs. The Healthcare JV is entitled to incentive fees ranging from 20-25% above certain specified "hurdle" rates in connection with new and existing healthcare real estate investments held by Colony NorthStar and NS Healthcare. The Healthcare JV will also be entitled to any incentive fees earned from NS Healthcare or any future healthcare non-traded vehicles sponsored by Colony NorthStar, or any affiliates, as well as future healthcare non-traded vehicles sponsored by AHI. These fees are separate from, and in addition to, fees paid to the CCIA Advisers.

Colony NorthStar, through a subsidiary, also acquired a minority equity interest in the business of AHI, a healthcare-focused real estate investment management firm and former adviser to GAHR II, a healthcare-focused non-traded REIT acquired by Colony NorthStar. Colony NorthStar's investment in AHI is structured as a joint venture between CCIA, a trust owned by Mr. Flaherty and the principals of AHI. The joint venture provides certain asset management, property management and/or other services to the CCIA Advisers to assist CCIA in managing certain healthcare assets owned by Colony NorthStar, NS Healthcare and future Managed REITs. As a minority investor in AHI, Colony NorthStar is entitled to receive certain distributions of operating cash flow and certain promote fees from AHI, including as a result of any fees paid to AHI by Managed REITs for management and related services.

Colony NorthStar and Capra Ibex Advisors, LLC ("Capra"), an unaffiliated registered investment advisor, formed CapCol Management, LLC ("CapCol"). CapCol sponsors a private pooled investment vehicle focused on equity positions in collateralized loan obligations. CapCol is entitled to receive management fees and/or other service fees and expense reimbursements. Additionally, CapCol may be entitled to certain performance-based fees.

Colyzeo Investment Management Limited (“Colyzeo”), a company incorporated under the laws of England and Wales, provides real estate investment advisory services in Europe to various private pooled investment vehicles, and is engaged to provide investment management and operating services to these vehicles. Colyzeo is authorized by and registered under the United Kingdom Financial Conduct Authority to manage the investment vehicles’ operations and to provide discretionary management services.

In January 2016, Colony NorthStar, through a subsidiary, acquired a majority interest in the business of Townsend, an investment management and advisory services firm focused on real assets. Townsend’s principals maintain a minority interest in the firm and continue to manage its day-to-day operations.

In addition, Colony NorthStar, through subsidiaries, has organized registered investment adviser affiliates not covered under this Brochure including CNI CCEF Advisors, LLC, CNI RECF Advisors, LLC and CNI TCEF Advisors, LLC. These entities act as advisers to certain closed-end investment companies sponsored or co-sponsored by Colony NorthStar.

NorthStar Securities, a subsidiary of Colony NorthStar, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is a member of the Financial Industry Regulatory Authority (“FINRA”). NorthStar Securities is responsible for marketing shares of certain of the Managed REITs and serves as the dealer-manager for the sale of shares of the Non-Traded Managed REITs, for which it receives a fee of up to 3% based on gross offering proceeds of the applicable Non-Traded Managed REIT. NorthStar Securities is also responsible for marketing shares of certain registered closed-end investment companies sponsored or co-sponsored by Colony NorthStar that are not covered under this Brochure. NorthStar Securities may earn fees for marketing shares of such closed-end investment companies that differ from the fees earned from the Non-Traded Managed REITs, which may cause NorthStar Securities to favor one offering over another or create other conflicts of interest.

CCIA also pays fees to affiliated and unaffiliated entities to provide account and other services to the Managed REITs and to manage properties in which Managed REITs invest. CCIA may have incentives to select the services of affiliated entities or entities involved in strategic relationships, even if such services could be provided as well by other entities.

In addition, Island, a portfolio company of one of CCIA’s clients and a hospitality-focused real estate management firm that was previously an affiliate of NSAM prior to the Merger with NRF and Colony, provides property management services to hotel assets owned by CCIA’s parent company, Colony NorthStar.

CCIA’s investment professionals devote time to the management of multiple Managed Vehicles and, in certain instances, Strategic Vehicles (defined below), which may impact allocations of management resources. In addition, a Managed Vehicle may have an investment mandate that is similar to and/or overlapping with the investment mandates of other Managed Vehicles, which may create conflicts in the allocation of investment opportunities between Managed Vehicles. Certain Managed Vehicles and other companies, funds or vehicles may be co-sponsored, co-branded or co-founded by, or subject to strategic relationships between, CCIA and strategic or joint venture partners of CCIA (collectively, “Strategic Vehicles”). Therefore, many investment opportunities sourced by CCIA’s investment professionals or CCIA’s strategic or joint venture partners may be suitable for multiple Managed Vehicles and/or Strategic Vehicles, which also may create conflicts in the allocation of investment opportunities. Investment opportunities sourced by CCIA’s investment professionals are allocated to one or more Managed Vehicles, Strategic Vehicles or affiliates of CCIA (“Affiliated Entities”) in accordance with the allocation policy adopted by CCIA and approved by each Managed Vehicle from time to time. (See ***Item 12: Brokerage Practices—Allocation Policy***.)

CCIA may recommend that one Managed REIT invest in, or engage in transactions with, other Managed REITs or Managed Funds. CCIA has an incentive to favor investments in or between, or corporate combinations, reorganizations or other transactions between or among, two or more Managed REITs or Managed Funds that may increase CCIA’s overall remuneration.

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

Code of Ethics

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

Personal Trading

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

All of CCIA’s employees are required to annually certify that they have complied with the Code and CCIA’s access persons are required to make annual reports regarding their personal securities account holdings and quarterly reports regarding their personal securities trading activity.

Participation or Interest in Client Transactions

CCIA employees must obtain prior permission of the CCO or designee for certain transactions that appear to pose a conflict of interest or otherwise appear improper. In particular, all CCIA employees must have written pre-clearance for all transactions involving initial public offerings and private placements before completing the transactions. Additionally, co-investments with Clients could present conflicts of interest if not properly structured and monitored. As such, CCIA employees must have pre-clearance for all transactions involving co-investments alongside Clients before completing the transactions. The CCO or designee is responsible for monitoring co-investments by CCIA and its employees. CCIA maintains one or more lists of restricted securities in which CCIA may have material non-public information. CCIA employees are prohibited from trading in issuers on the restricted list unless specifically approved by the CCO or designee.

Gifts and Entertainment

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

Cross-Trades

From time to time CCIA may execute cross trades among Clients. CCIA only will execute cross trades between client accounts when such a transaction is reasonably expected to be advantageous to both participants. Any

such transactions must be in accordance with applicable law, Governing Documents and CCIA's internal policies and procedures. CCIA may, in certain instances, receive a fee in connection with cross trades among Clients. If a fee is charged in connection with a cross trade, CCIA provides information on the fee related to the cross trade to the board of directors of the applicable Managed REIT Client for approval.

Other Conflicts

CCIA manages investments on behalf of different Clients. Certain Clients have investment programs that are similar or may overlap and may, therefore, participate with each other in (or compete for) investments. Because of the diversity of investment strategies and objectives, risk tolerances, capital positions, tax situations and differences in the timing of capital contributions and withdrawals, there will be differences in invested positions held or investment appetites among the Clients. Any allocation of investments among the Clients by CCIA will be made in a manner consistent with each Client's investment objectives. Investment decisions and allocations are not necessarily made in parallel among all of the Clients. In all cases, allocation requirements (if any) set forth in the Clients' Governing Documents will control. CCIA in its sole discretion may allow multiple Clients to co-invest in a particular investment, based upon a variety of factors including, among other factors, investment strategy, mandate or area of focus; risk management (*e.g.*, volatility, liquidity, diversification and concentration in light of each Client's existing portfolio and investment pipeline); fund restrictions or limitations; tax or legal considerations; and cost or availability of financing. Because CCIA may allocate a particular investment among the Clients unequally, the Clients may produce results that are materially different from one another. (See *Item 12: Brokerage Practices--Allocation Policy*.)

Item 12: Brokerage Practices

Transaction Execution and Broker-Dealer Selection

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

CCIA may use unaffiliated brokers, which are selected on the basis of: (i) the reasonableness of such brokers' commissions relative to others offering similar services; and (ii) the ability of such brokers to obtain best execution. Not all portfolio transactions require or involve a broker-dealer. When it is deemed necessary or appropriate to involve a broker-dealer in portfolio transactions for the Managed REITs, such transactions will be allocated to brokers and dealers on the basis of CCIA's best execution policies. The factors considered in selecting and approving brokers-dealers that may be used to execute trades for a Managed REIT's accounts include, but are not limited to: (i) quality of execution – accuracy and timeliness of execution, clearance and error/dispute resolution; (ii) reputation, financial strength and stability; (iii) market making and risk positioning capabilities; (iv) willingness to execute transactions on terms requested or required; (v) willingness and ability to commit capital for trading as well as financing requests; (vi) access to investment opportunities; (vii) on-going reliability; (viii) overall costs of execution (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the firm's knowledge of negotiated transaction costs available in the market; (ix) nature of the investment or security and the available market makers; (x) desired timing of the transaction and size of transaction; (xi) confidentiality of execution; (xii) market knowledge; and (xiii) the quality of brokerage or research.

Allocation Policy

CCIA has adopted an allocation policy that applies to investment opportunities which have limited capacity and/or time availability. This policy directs CCIA to allocate investment opportunities among Managed Vehicles, Strategic Vehicles and Affiliated Entities in a manner that is fair and equitable over time.

When CCIA sources an investment opportunity, CCIA, in its sole discretion, will offer the opportunity to the entity for which it determines the investment opportunity is most suitable. When determining the entity for which an investment opportunity would be the most suitable, CCIA personnel may consider several factors, which may include, among others, as appropriate: the vehicle's investment objectives, strategy and criteria; cash requirements; the effect of the investment on the diversification of the portfolio, including by geography, size of investment, type of investment and risk of investment; leverage policy and the availability of financing for the investment; anticipated cash flow of the asset to be acquired; income tax effects of the purchase; size of the investment; amount of funds available; cost of capital; risk return profiles; targeted distribution rates; anticipated future pipeline of suitable investments; expected holding period for the investment and the remaining term of the investment vehicle; affiliate and/or related party considerations; and whether any special allocations have been made to the investment vehicle.

If, after consideration of the relevant factors, CCIA determines that an investment is equally suitable for more than one Managed Vehicle, Strategic Vehicle or Affiliated Entity, the investment will be allocated among each of the applicable Managed Vehicles, Strategic Vehicles or Affiliated Entities on a rotating basis. New clients will be initially added to the end of the rotation. If, after an investment has been allocated, a subsequent event or development, such as delays in structuring or closing on the investment, makes it, in the opinion of CCIA's investment professionals, more appropriate for a different entity to fund the investment, CCIA may determine to place the investment with the more appropriate entity while still giving credit to the original allocation. In certain situations, CCIA may determine to allow more than one Managed Vehicle, Strategic Vehicle and/or Affiliated Entity to co-invest in a particular investment. Managed Vehicles, Strategic Vehicles and/or Affiliated Entities may have different allocation preferences. In addition, Strategic Vehicles may receive preference in the allocation of an investment opportunity that is initially presented to CCIA by the applicable strategic or joint venture partner. A dedicated mandate may cause a client to have priority over certain other clients with respect to investment opportunities.

CCIA will allocate third-party acquisition costs incurred in connection with the selection, acquisition or origination of an investment to those clients who acquire or originate the investment. Such allocation will be made in accordance with each client's allocation of the investment opportunity. If CCIA does not complete a proposed investment, it will allocate any third-party acquisition costs (Broken Deal Costs) incurred to date, to those clients that would have acquired or originated the investment in accordance with the allocations set out in the applicable investment allocation. If CCIA does not complete an investment before making an investment allocation, it will allocate the Broken Deal Costs to the client or clients for which the investment opportunity was suitable. If multiple clients, such Broken Deal Costs will be allocated pro-rata.

Item 13: Review of Accounts

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

Currently, each Managed REIT files publicly with the SEC unaudited reports on a quarterly basis, providing

summary financial and other information about the Managed REIT, and audited financial statements of the Managed REIT annually. CCIA may provide certain investors with information on a more frequent and detailed basis if agreed to by CCIA. CCIA may advise accounts in the future that do not publicly file quarterly and annual financial statements.

Item 14: Client Referrals And Other Compensation

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

Additionally, CCIA may engage, or cause its Managed Vehicle clients to engage and compensate placement agents for introducing Managed Vehicle clients to, and to market and sell interests or shares in Managed Vehicle clients to, prospective investors, in such Managed Vehicle. CCIA requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of FINRA. Subject to its duty to obtain best execution, CCIA may take such introductions into account as a factor in the selection of brokers to execute portfolio transactions for Managed Vehicles.

Item 15: Custody

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

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

Item 16: Investment Discretion

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

Item 17: Voting Client Securities

Due to the nature of CCIA's investment programs, CCIA does not ordinarily receive proxy voting proposals with respect to listed equity securities. However, CCIA may, from time to time, receive amendments, consents or resolutions applicable to investments held in Clients (collectively, "proxies"), such as limited partner consents for real estate private equity funds in which the Clients may invest, and is generally granted authority to vote and consent on such matters on behalf of Clients.

CCIA seeks to vote each Client's proxies in the best interest of that Client and in a manner consistent with its fiduciary duties. Due to the difficulty of predicting and identifying material conflicts, CCIA relies on its employees to notify the CCO or designee of material conflicts that may impair CCIA's ability to vote proxies appropriately. If a material conflict exists, CCIA's CCO and/or Chief Legal Officer, with the assistance of management, department heads or certain other persons such as an outside proxy voting service or consultant, outside counsel and/or others deemed appropriate, will determine the direction in which CCIA should vote on the proposal. One Client's best interests with respect to a proxy vote may diverge from the interests of other Clients, joint venture partners, CCIA and/or CCIA's affiliates. This may result in CCIA casting votes for one Client that differs from votes cast for other Clients or in CCIA taking other steps to mitigate any conflicts that may arise. In no event, however, will CCIA be obligated to vote, or refrain from voting its own securities, securities held by another client or securities held by an affiliate or joint venture partner in a manner that is inconsistent with CCIA's view as to the best interests of such holders, simply because a Client has a differing interest.

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

Item 18: Financial Information

Not applicable.