

COLONY CAPITAL INVESTMENT ADVISORS, LLC

Form ADV, Part 2A

MANAGED FUND BROCHURE

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This brochure (“Brochure”) provides information about the qualifications and business practices of the private investment fund and co-investment vehicles business line of Colony Capital Investment Advisors, LLC (“CCIA”), Col Invest Italy S.r.l., Colony NorthStar Advisors, LLC, Colony Realty Partners, LLC, CDCF IV Investment Advisor, LLC, Colony Industrial Investment Advisor, LLC, and CNI SOF Advisors, LLC (collectively, the “Managed Fund 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 Fund 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 Fund 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 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 through a series of mergers (the "Mergers"). Following the Mergers, Colony NorthStar, Inc. (NYSE: CLNS) ("Colony NorthStar"), an equity real estate investment trust ("REIT"), became the surviving company for the combined organization, with a diversified real estate and investment management platform and is publicly-traded on the New York Stock Exchange. This update to the Brochure reflects changes to CCIA and its business resulting from the Mergers. This brochure only covers CCIA's Managed Fund business lines and is intended for clients advised by CCIA and its affiliates.

This 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 Joint 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 US 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 Fund Advisers, 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 Vehicles 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 Fund Brochure is intended for those private fund and co-investment vehicle clients that were historically clients of CCIA and its affiliates prior to its merger with NSAM 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 NSAM and that are covered by the Managed REIT 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 Fund 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), 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 assumed 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) REITs that are either traded on a national securities exchange or non-listed and sold through independent broker dealer 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 Italy, 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), CNI NSI Advisors, LLC (Delaware), CNI NSHC Advisors, LLC (Delaware), CNI NSII Advisors, LLC (Delaware), CNI NS/RXR Advisors, LLC (Delaware), CNI SOF Advisors, LLC (Delaware), CNI NRE Advisors, LLC (Delaware), CNI FCVP Advisors, LLC (Delaware), Colony NorthStar – N Luxembourg S.à r.l. (Luxembourg), 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 December 31, 2016, the CCIA Advisers managed approximately \$17.1 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 \$17.1 billion. Assets under management are calculated using pro forma financial information in connection with the January 2017 merger of Colony, NSAM, and NRF. 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 Fund Advisers

The Managed Fund 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 Funds, which primarily consists of private investment

funds and co-investment vehicles, whose investment strategies are focused on making direct investments in real estate and real estate-related assets, debt and distressed debt investments, and other companies, funds and accounts that may be sponsored or co-sponsored by Colony NorthStar or CCIA or otherwise advised by CCIA in the future, both in the United States and internationally.

The Managed Fund Advisers are CCIA (Delaware), Col Invest Italy S.R.L. (Italy), Colony NorthStar Advisors, LLC (Delaware), Colony Realty Partners, LLC (Delaware), CDCF IV Investment Advisor, LLC (Delaware), CNI SOF Advisors, LLC (Delaware), and Colony Industrial Investment Advisor, LLC (Delaware).

As noted above, this Brochure primarily describes the investment strategies, fees, risks, and conflicts applicable to the Managed Fund Advisers and the Managed Funds. Clients who are not Managed Fund clients should refer to the Managed REIT 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 management investment 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, CNI TCEF Advisors, LLC, and Townsend Group Advisors, LLC, advisers to certain 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 Funds

The Managed Fund business line of CCIA primarily consists of advising private investment funds and co-investment vehicles, whose investment strategies are focused on making direct investments in real estate and real estate-related assets, debt and distressed debt investments. The Managed Funds include over 40 different clients that are organized in the United States and internationally, and that are focused on certain types of investments. The Managed Funds primarily include (i) private equity funds that invest in operating companies that utilize or have a significant dependence upon real estate; (ii) distressed debt and credit funds that focus investments in assets and businesses that are experiencing or are expected to experience severe financial difficulties; (iii) value-added funds that focus on industrial, office, multi-family and retail real estate assets; and (iv) other vehicles that invest in residential and commercial development.

Services to the Managed Funds

The Managed Fund Advisers generally advise and manage the day-to-day investment affairs of the Managed Funds, and may act in one or more capacities, including as a general partner. Subject to the terms of the Managed Fund's Governing Documents, the services provided to the Managed Funds include investment management and advisory services concerning (i) investments in operating companies that utilize or have a significant dependence upon real estate; (ii) investments in distressed situations; (iii) acquisitions of direct investments in real estate in a

variety of sectors; and (iv) investments in select residential and commercial development opportunities. The Managed Fund Advisers also provide investment advice regarding debt instruments related to real estate or issued by real estate or real estate-related entities, as well as in similar preferred equity instruments, and may also involve the acquisition of equity or an equity derivative, such as warrants, options, common stock, convertible debt, commercial mortgage-backed securities, residential mortgage-backed securities, real estate-related B-notes, mezzanine loans, bridge loans, debtor-in-possession loans, whole mortgage loans, bonds, a broad variety of primary or secondary purchases of debt instruments, and other real estate or corporate debt-related products. The Managed Fund Advisers primarily provide investment advice with respect to investments located in the United States and Europe.

The Managed Fund Advisers also provide investment advice regarding (i) the origination or acquisition of mortgage loans or other real estate loans with the expectation of subsequently foreclosing on, or otherwise taking control of, the property securing the loan or investment; (ii) the acquisition of minority interests in commercial banks, the primary assets of which are commercial and residential loans; (iii) minority or blocking positions in fulcrum debt securities; and (iv) rescue capital loans to real estate operating companies, construction/rehabilitation loans, sale-leasebacks, and triple-net leases. In connection with the consummation of certain investments on behalf of Clients, the Managed Fund Advisers may employ hedging techniques designed to protect the Client against adverse movements in currency or interest rates.

The Managed Fund Advisers may invest Clients' funds in liquid, short-term investments, such as bank and certificates of deposit or deposit such funds in a money market fund. The Managed Fund Advisers estimate that the portion of its activities related to such non-real estate-related advisory services is not significant.

Except as provided herein, CCIA manages each Managed Fund on a discretionary basis (subject to any limitations set forth by the Managed Fund's Governing Documents, investment board, general partner, or similar governing body, as applicable).

Other Services to the Managed Funds

Certain Managed Funds may receive property management services from a CCIA affiliate. These services are provided to the Managed Funds on terms comparable to those generally available in arms-length transactions. Currently a CCIA affiliate provides such services in Dallas, Texas and Atlanta, Georgia, but may be engaged in other markets in the future on the same basis.

Certain Managed Funds may also retain CCIA or its affiliates to provide and/or reimburse CCIA or an affiliate for provision of additional services, including property management, development construction, rehabilitation / redevelopment management and leasing services, in which case such services will be provided on terms comparable to those generally available in arms-length transactions.

Certain Managed Funds are provided additional asset-level management services by CCIA or its affiliates, including Colony NorthStar's separate asset management company ("Colony AMC"), which is primarily engaged in loan servicing for performing, sub-performing and non-performing commercial loans, including senior secured loans, revolving lines of credit, loan participations, subordinated loans, unsecured loans and mezzanine debt, and is focused on mitigating risks and maximizing value post acquisition. Colony AMC is a rated commercial special servicer by S&P Rating Services.

CCIA does not currently engage in wrap fee programs.

Item 5: Fees and Compensation

Fees are separately determined for each client. As a general matter, CCIA and its affiliates receive management and incentive fees pursuant to advisory contracts and other agreements with clients and certain other fees as described in more detail below. Client fee structures can vary significantly between the Managed Funds and the Managed REITs.

Management and Incentive Fees

For its investment advisory services, the Managed Fund Advisers may be compensated by one or more of the following investment management fees:

- an investment management fee that is equal to a percentage of the Client's committed capital or Net Adjusted Commitments. "Net Adjusted Commitments" for a partner equals a partner's drawn capital commitments plus such partner's share of the equity portion of any investments for which capital commitments have not yet been drawn, less the portion of such drawn capital commitments utilized to acquire investments which have been disposed; and/or
- performance-based fees (either as an incentive fee or carried interest) subject to the Client account achieving certain specified returns.

To the extent fees are based on capital gains or capital appreciation, the Managed Fund Advisers comply with Rule 205-3 under the Advisers Act, which permits the payment of performance fees by clients that meet certain requirements. See Item 6 for a discussion of certain conflicts related to performance-based fees.

The types and amounts of, and the related limitations and restrictions on, fees charged by the Managed Fund Advisers are not uniform among Clients and may be affected by the extent of services to be provided or the size of the account. Therefore, the Managed Fund Advisers do not maintain a fee schedule. The fees and expenses related to Clients offered pursuant to private securities offerings are fully specified in the Governing Documents for each Client. These materials are available from the Managed Fund Advisers upon request.

While fees related to Clients are generally not negotiable, such fees may include discounts based on the amount invested. In addition, prior to accepting subscriptions from certain types of investors (e.g., high net worth persons, feeder funds and retail investors), CCIA, or its affiliate, as general partner, may require such investors to agree to additional fees or priority profit allocations to the general partner or its affiliates (including the same fees in higher amounts than described in the Governing Documents for each client).

The timing of fee payments is set forth in the relevant Client offering documents. Asset-based fees generally are paid monthly or quarterly, and are calculated on the value of committed capital or Net Adjusted Commitments. The carried interest is distributed to the Managed Fund Advisers and/or its affiliates after investments have been sold and proceeds are received.

A small portion of the Managed Fund Advisers compensation may be related to the management of cash and cash-equivalent investments held in connection with real estate advisory services and the amount of cash and cash-equivalent investments are generally included in the gross asset value of a Client's assets for the purpose of calculating investment management fees.

In many cases, the Managed Fund Advisers' fees are based on the value and performance of the assets held in the Client account. The Managed Fund Advisers may be charged with the responsibility to, or have a role in, determining such values. To the extent the Managed Fund Advisers' fees are based on the value or performance of Client accounts, the Managed Fund Advisers may benefit by receiving a fee based on the increased value of assets in an account. When valuing an asset, CCIA attempts, in good faith, to determine the fair value of the asset in question in a manner consistent with the Managed Fund Advisers' then current valuation policies (unless

otherwise specified by the Client). The Managed Fund Advisers may also rely on valuations provided by third-party appraisals or on market quotations (when market quotations are available and deemed reliable) for the valuation of certain investments.

The limited partnership agreements, limited liability company operating agreements or applicable operating agreements of the Clients generally provide that payment of management fees are paid solely from (i) capital contributions from investors in the Client, (ii) distributable proceeds from investments, or (iii) borrowings under credit facilities.

Clients may be charged additional fees and expenses in connection with non-investment advisory services provided by CCIA. For example, the Managed Fund Advisers or any of their affiliates may be engaged to provide real estate asset management services to a Client. The fee charged to the Client for such real estate asset management services is generally capped at a percentage of the equity capitalization per investment.

Any fees or other revenues of the Clients, including all acquisition, financing, break-up and other fees payable to the Clients, the general partners, or any affiliates of the general partners will be for the benefit of the Clients and may be applied by the general partners to pay or reserve for the payment of expenses of the Managed Funds or to repay any credit facility drawdowns used to pay the same, with any balance distributed in accordance with the distribution waterfall or offset against management fees.

Clients bear all costs and expenses in maintaining their operations and investments, including legal and accounting expenses, fees for outside services, the cost of annual audits, custodial fees, insurance and litigation expenses, and taxes, fees, and other governmental charges.

Clients may not, nor are they required to, pay any fees in advance for pooled investment vehicles. In certain limited cases, co-investment vehicles may pay up to six months of fees in advance.

Neither the Managed Fund Advisers nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Other Fees

Deal Costs

The Managed Funds also bear third-party acquisition costs for proposed investments that are not completed (“Broken Deal Costs”). CCIA may allocate Broken Deal Costs to the Managed Vehicle that would have acquired or originated the investment according to CCIA’s allocation policy.

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.

Property Management, Asset-Level Management, and Other Fees

In connection with property management, development construction, rehabilitation / redevelopment management and leasing services noted above, if applicable, a Managed Fund will pay or reimburse reasonable costs and expenses incurred.

Certain Managed Funds are also provided with asset-level management services with respect to services provided by Colony AMC. Colony NorthStar indirectly receives revenue from the fees paid by Managed Funds to Colony AMC for such services.

Timing and Deduction of Fees

All Managed Fund fees are generally calculated and payable monthly or quarterly in arrears. Managed Fund Fees are deducted from Managed Fund assets. More complete information about fees is contained in each Managed Fund'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 is subject to a specified "hurdle" rate.

Certain affiliates of CCIA that serves as general partner to a Client may be entitled to receive from the relevant Client a carried interest distribution representing a percentage of the profits of such Client with respect to each portfolio investment. Fee arrangements with certain Clients include clawbacks on carried interest.

The existence of the carried interest with respect to Clients may create an incentive for CCIA to make more speculative investments on behalf of the Clients than it might otherwise make in the absence of such performance-based compensation. The carried interest may also incentivize CCIA to dedicate increased resources and allocate more profitable investment opportunities to Clients who are charged a carried interest, as CCIA and its affiliates have the opportunity to receive carried interest distributions based on the success of portfolio investments. Further, CCIA is also incentivized to allocate investment opportunities to Clients who either pay higher carried interest percentages to their general partners or to Clients whose current performance does not require them to reimburse limited partners for losses attributable to prior unprofitable investments before distributing carried interest to their general partners.

The carried interest creates a potential conflict of interest for CCIA and/or its affiliates in valuing investments. For example, because carried interest distributions in certain Managed Funds are calculated in a "deal-by-deal" waterfall, CCIA will not receive a carried interest until the partners of the applicable fund receive distributions equal to their share of writedowns not taken into account in prior distributions. This creates an incentive for CCIA and/or its affiliates to avoid writing down the value of assets that are not readily marketable or difficult to value, because CCIA and/or its affiliate, as applicable, will be in a position to receive a higher carried interest.

The terms of the carried interest could also give CCIA an incentive to make decisions regarding the timing and structure of realization transactions that may not be in the best interests of investors. For example, CCIA would be in a position to receive carried interest distributions earlier if profitable investments are liquidated prior to investments that are not profitable because, at the time proceeds from such profitable investments are liquidated, CCIA would not be required to first distribute capital to limited partners to make up for prior losses associated with unprofitable investments. The above conflicts are mitigated by the fact that Clients generally require the general partner of such funds to deposit up to 50% of its after-tax distributions into a reserve account ("Reserve Account") that will be subject to reallocation and distribution to the partners to ensure that distributions to partners over the term of the Client are consistent with the distribution waterfall. However, the return of such distributions to the limited partners may be delayed until the end of the fund's term. CCIA has also agreed to limitations in the operating documents of certain CCIA Funds relating to the allocation of Client funds to investments (including restrictions on forming and directing capital to new co-investment or successor CCIA Funds), in each case, to seek to mitigate certain of the incentives described above.

With certain limited exceptions, valuations of current income and disposition proceeds with respect to investments will be determined by the general partner of the Client (which is generally a special purpose vehicle created and controlled by CCIA) and will be final and conclusive to all partners. If distributions are made in assets other than cash, the amount of any such distribution will be accounted for at the fair value of such assets,

with certain limited exceptions, as determined by the general partner in accordance with procedures set forth in the Client's limited partnership agreement.

Certain of the Clients' investments will be investments for which there is no, or a limited, liquid market. The fair value of such investments may not be readily determinable. Because such valuations, and particularly valuations with respect to loans and securities of private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, the general partner's determinations of fair value may differ materially from the actual values obtainable in an arm's length sale of such investments to a third party. The Client's financial condition and results of operations could be adversely affected if CCIA's fair value determinations were materially higher than the values that the Client ultimately realizes upon the disposition of such investments. For example, CCIA may elect to use greater amounts of leverage on behalf of Clients if its fair value determinations are more favorable than the value the Client ultimately receives on disposition of investments, which could increase the potential risk of loss of invested capital.

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, equity, 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 the Mergers 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 Funds.

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

Methods of Analysis and Investment Strategies

The Managed Fund Advisers’ investment strategy is based on three related tenets: (i) cautious contrarianism, (ii) exploitation of inefficiencies, and (iii) value-added executions.

In order to execute the Clients’ investment strategies, the Managed Fund Advisers continually analyze relevant market, property and company fundamentals in various sectors and locations. The Managed Fund Advisers and their affiliates have established global investment teams, which are comprised of local professionals in specific markets. By establishing a strong market presence, the Managed Fund Advisers are able to quickly identify markets and sectors with attractive fundamentals and generate original market perspectives in order to produce investment opportunities before they become broadly known to competitors. Through this expansive, in-place global infrastructure, the Managed Fund Advisers may see attractive, “off-market” investment prospects not generally available to the broader market.

The Managed Fund Advisers' investment approach is driven by a disciplined investment strategy focused on identifying areas with below market risk relative to the potential for above market returns. The Managed Fund Advisers systematically make its investment decisions by first identifying an asset class or country, then targeting specific markets, identifying experienced local partners and/or developing a local management team if applicable, and finally identifying appropriate investments in the market. While pursuing these three investment objectives, the Managed Fund Advisers continue to emphasize the analysis of basic fundamentals. The Managed Fund Advisers' investment process considers and evaluates the following fundamental criteria and attributes when assessing the appropriateness of any opportunity:

- Attractive pricing. Considerable discount to replacement cost; existence of distressed (or disinterested) seller or distressed assets.
- Sources of distinctive competitive advantage. Previous exposure to, or knowledge of, markets or asset types; other market inefficiencies and informational arbitrage.
- Appropriate risk and return relationship. Understanding of capital structures, uniqueness of markets, and attendant risks within those markets and investment types; ability to minimize risks and maximize returns across global markets.
- High quality of underwriting. Solid investment and market analytics; consideration of availability of information and transparency thereof; commitment to disciplined and consistent standards.
- Attractive capital structure. Appropriate use of prudent leverage levels and flexibility of structure to achieve opportunistic exits as and when available; creation of return enhancement at appropriate risk levels.
- Exceptional quality of partner / management. Previous experiences with management; unique industry expertise; aligned interests and commitment to integrity of relationship.
- Significant degree of complexity. Can provide edge against lower cost of capital competitors; extract hidden or obscured value; utilize significant structuring and underwriting expertise for intricate transactions.
- Appropriate degree of control. Ability to determine or influence the direction of management, strategy, financing, and exit of the asset.
- Acceptable legal environment. Suitable legal jurisdiction to ensure negotiated transaction documents provide adequate protection and will be upheld in accordance with their legal and commercial terms.
- Income generation. Properties with actual or potential cash flow characteristics allowing enhanced risk-adjusted returns.
- Opportunity to add value. Focus on assets with inherent characteristics that allow value enhancement through expansion, repositioning, or application of CCIA's property, finance, and asset management expertise as well as its entrepreneurial skills.
- Clarity of exit. Ability to appropriately define reasonable exit(s) at the time of acquisition, identify multiple options and avoid reliance on public markets as only exit alternative.
- Follow-on investment opportunity. Depth and breadth of opportunity pool in specific industry and/or region.

In addition to the fundamental criteria outlined above, the Managed Fund Advisers may apply additional investment criteria specific to each of the following investment types: (i) operating companies that utilize real estate; (ii) distressed situations (e.g. assets divested by corporations due to corporate distress and portfolios of real estate assets and loans disposed of by financial institutions); (iii) direct investments in real estate; and (iv) select commercial and residential developments. The specifics of these investment criteria, where applicable, are included in Client offering documents.

Investment Strategies for Debt Investments

The Managed Fund Advisers' investment process in making real estate-related debt and distressed investments initially involves:

- identifying investment opportunities;
- assessing the opportunities to ensure that they meet preliminary screening criteria, i.e., suitability of the potential investment in light of the Client's investment guidelines; and
- reviewing the opportunities to determine whether to incur costs associated with more in-depth diligence.

If the decision is made to proceed with full-scale diligence, the next phase of the investment process involves assessing the risk-reward profile of the investment through, among other things:

- intensive data collection by Managed Fund Advisers' in-house acquisition, asset management and loan-servicing personnel and third party providers, including, as appropriate, financial, physical, legal and environmental due diligence of the assets underlying the investment opportunities;
- data consolidation and quantitative analyses of the key drivers affecting value, such as cash flows and collateral performance, lease analysis, and credit and prepayment risk; and
- thorough review of the investment capital structure, borrower and tenant analysis, servicer and originator information, legal structure and deal documentation.

In assessing the suitability of a particular investment for a Client's portfolio, Managed Fund Advisers will evaluate the expected risk-adjusted return relative to the expected returns available from comparable investments. With respect to each investment opportunity, Managed Fund Advisers will also consider Managed Fund Advisers' in-house asset management team's ability to extract excess value from the investment through active post-acquisition asset management. Based on the foregoing criteria, among others, Managed Fund Advisers will make investment decisions and, if these decisions are made to proceed with an investment, will utilize proprietary modeling systems to establish an appropriate price for such assets.

Managed Fund Advisers may also apply the following criteria in acquiring debt instruments:

- capitalizing on asset level underwriting experience and market analytics to identify investments with pricing dislocations and attractive risk-return profiles that can be purchased at meaningful discounts to our estimates of intrinsic value;
- creating capital appreciation opportunities by resolving sub-performing or non-performing loans through repositioning, restructuring and active management of those assets;

- seeking to acquire assets held for sale that are undervalued as a result of the scarcity of credit available for financing commercial real estate;
- retaining control, where possible, over the formulation and execution of the management strategies with respect to our assets, including the restructuring of non-performing or sub-performing loans, the negotiation of discounted pay-offs or other modification of the terms governing a loan, and the foreclosure and intense management of assets underlying non-performing loans in order to reposition them for profitable disposition; and
- structuring transactions with a prudent amount of leverage, if any, given the risk of the underlying asset's cash flows, and attempting to match the structure and duration of any financing with the underlying asset's cash flows, including through the use of hedges as appropriate.

Material Risks

Risk of Loss

An investment in a Managed Fund involves risk. There is no certainty of return with respect to any such investment. There is no guarantee that a Managed Fund 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 Fund. Investors should refer to the risk factors in each Managed Fund'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 Fund. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Managed Fund. 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 Funds' investments, all of which could adversely affect their results of operations. The Managed Funds may incur substantial losses and need to establish significant provision for losses or impairment.

The Managed Funds 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 Funds' business plans. The Managed Funds 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 Funds 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 Funds' CRE investments as well as

their ability to originate, sell and securitize loans, as applicable, which would significantly harm such Managed Funds' 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 Funds to successfully acquire investments and may also adversely affect the performance of the Managed Funds' investments.

The financial performance of the Managed Funds 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 Funds' 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 Funds' 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 Funds' control.

In addition, interest rates may impact the Managed Funds' 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 Fund 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 Fund'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 Fund is dependent on leverage, the availability (or lack thereof) and cost of financing may significantly affect the ability of the Managed Fund 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 Fund may be obligated to bear defense, settlement, and other costs (which may be in excess of insurance coverage therefor provided by the Managed Fund at such Managed Fund's expense for such purposes), and the investment adviser of such Managed Fund and others may be entitled to indemnification under, and subject to the terms of, such Managed Fund's investment agreement and/or other agreements entered into by such Managed Fund.

Risky and Illiquid Investments. Real estate and related investments are generally risky and illiquid and there can be no assurance that an investing Managed Fund 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 Fund.

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 Funds directly. As a result, a Managed Fund'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 Fund's ability to sell properties in certain circumstances. These considerations could make it difficult for a Managed Fund 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 Fund'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 Funds.

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 Funds invest in CRE assets located in foreign countries, including significant investments in Europe, and Managed Funds may pursue other investment opportunities in foreign countries in the future. Accordingly, the business and financial results of the Managed Funds 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 Funds 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 Funds and distributions to investors necessary to maintain such Managed Fund's qualification as a Fund for tax purposes.

Restrictions on Repatriation of Capital and Profits. Some countries in which certain Managed Funds 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 Funds investing in such countries will be permitted to repatriate capital or profits, if any, from these countries.

Inflation. Some countries in which certain Managed Funds 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 Fund's returns from such investments.

Non-U.S. Economic, Political, Regulatory and Social Risks. Investments by the Managed Funds 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 Funds 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 Funds 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 Funds 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 Funds. The Managed Funds 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 Funds 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 Funds in a particular asset 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 Funds have invested, changes in tax law or specific developments within such industries or interest rate movements. While the investment manager of such Managed Funds intend to manage these investments in a manner that will minimize investing Managed Funds' exposure to such risks, there can be no assurance that adverse political or economic changes will not cause such Managed Funds 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 Funds may invest. Nevertheless, any resulting economic instability or downturn could affect the returns sought by such Managed Funds.

Undeveloped Infrastructure. In certain countries where the Managed Funds may invest, capital and advanced technology are significantly limited. Delays in local postal, transport, banking or communications systems could cause investing Managed Funds to lose rights, opportunities, entitlements or funds and expose such Managed Funds to currency fluctuations

Ability to Enforce Legal Rights. Because of the effectiveness of the judicial systems in the countries in which the Managed Funds may invest varies, the Managed Funds 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 Fund 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 Funds to successfully acquire non-U.S. assets and may also adversely affect the performance of the Managed Funds' 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 Funds 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 Funds 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 Fund's returns from such investments.

Competition. The Managed Funds 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 Funds to acquire. CCIA may not be able to compete successfully for investments on behalf of the Managed Funds. In addition, over the past several years, an increasing number of funds have been formed with investment objectives similar to those of the Managed Funds and the number of entities and the amount of funds competing for suitable investments may increase. If these events occur, Managed Funds may experience lower investment performance. There can be no assurance that CCIA will be able to locate and complete investments for its Managed Funds that satisfy their respective rate of return objectives or realize upon their values or that the Managed Funds will be able to invest fully their available capital, which would have an adverse impact on returns.

Joint Ventures. The Managed Funds 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 Funds 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 Fund'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 Fund's instructions or requests or contrary to the Managed Fund's policies or objectives; and
- the terms of the joint ventures could restrict the Managed Fund'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 Fund to liabilities and thus reduce its returns on its investment with that joint venture partner. In addition, disagreements or disputes between the Managed Fund and the joint venture partner could result in litigation, which could increase the Managed Fund's expenses and potentially limit the time and effort its and CCIA's officers and directors are able to devote to the Managed Fund's business.

Manager Risk. The Managed Funds are subject to the risk that CCIA's purchases, sales, and/or management of investments on behalf of the Managed Funds may not produce the desired results and may have an adverse impact on the Managed Fund. The Managed Funds 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 Funds or be disruptive to the services provided to the Managed Funds.

Integration Risk. In connection with the Mergers, 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 Funds 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 Funds 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 Fund 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 Funds. 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 Funds are subject to the risk that they will lose the services of key personnel. It may be difficult or disruptive for Managed Vehicles 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 Funds could face substantial risk of loss from environmental claims based on environmental problems associated with their investments. The Managed Funds 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 Funds may experience environmental liability arising from conditions not known to them.

Real Estate-Related Risk

Real Estate Risk. The Managed Funds' 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 Funds can realize.

Casualty Losses; Uninsurable Losses. CCIA expects to maintain or cause each Managed Fund 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 Funds 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 Fund's security and decrease the value of the property. For debt investments, the Managed Funds 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 Funds 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 Funds 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 Funds or other third parties, which may result in their bankruptcy or insolvency. Although the leases and loans permit CCIA and the Managed Funds 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 Funds during the bankruptcy proceeding. Furthermore, dealing with a tenant/operator's bankruptcy or other default may divert CCIA's attention and cause the Managed Funds 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 Funds. Furthermore, American Healthcare Investors, LLC ("AHI") and other joint venture partners may manage other properties on behalf of other firms which could create additional conflicts of interest.

Undeveloped Land / Development Property Risk. Clients may invest in underdeveloped land and certain development properties. Undeveloped land and development properties may involve more risk than properties on which development has been completed. Undeveloped land and development properties do not generate operating revenue while costs are incurred to develop the properties, and may also generate certain expenses including property taxes and insurance. Development activities include the risks that development projects may be abandoned after expending resources, construction costs of a project may exceed original estimates, occupancy and rental rates at a newly completed property may be less than anticipated and construction and leasing of a property may not be completed on schedule. Development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy, and other required governmental permits and authorizations. Contingencies in development activities beyond the control of the Clients could occur.

Debt Investment Related Risks

Distressed Credit Risk. Clients may make investments in assets and businesses that are experiencing or are expected to experience severe financial difficulties that may never be overcome. There may be little or no near-term cash flow available to investors in such Clients. Because Clients may only make a limited number of investments and because many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns of investors.

Clients may seek to purchase entire portfolios or substantial portions of portfolios from market participants in need of liquidity or suffering from adverse valuations. Clients may be required to bid on such portfolios in a very short time frame and may not be able to perform normal due diligence on the entire portfolio. Such a portfolio may contain instruments or complex arrangements of multiple instruments that are difficult to understand or evaluate. Such a portfolio may suffer further deterioration after purchase by the Clients before it is possible to ameliorate such risk. As a consequence, there is substantial risk that the Clients and/or CCIA will not be able to adequately evaluate particular risks or that market movements or other adverse developments will cause the Clients to incur substantial losses on such transactions.

Investments in distressed companies may involve substantial risk. The level of analytical sophistication necessary for successful investment in distressed companies is particularly high. Operational, capital structure and management issues may be complex and difficult to successfully resolve. In addition, such investments may require active monitoring and direct management of the distressed company by CCIA personnel. Bankruptcy situations may be adversarial and are often beyond the complete control of the creditors. The rate of return on such investments will depend upon, among other factors, the duration of bankruptcy cases, which can only be roughly estimated.

Investments made in assets and companies operating in workout modes or under applicable bankruptcy laws could, if the investing Client inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed and, in such circumstances, such Client could be liable to third parties. Furthermore, under certain circumstances, payments to Clients in respect of such investments, and distributions to investors of such Clients, may be reclaimed if any such payment or distributions is later determined to have been a fraudulent conveyance or a preferential payment under concepts of applicable bankruptcy laws.

Market Recovery Risk. A Client's investment strategy for certain assets may rely, in part, upon local market recoveries during the term of the Client. No assurance can be given that any such markets will recover since this will depend, in part, upon events and factors outside the control of the general partner of the applicable Client and CCIA.

Subordinated Debt Risk. Certain of the Clients' 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 Clients. After repaying the senior creditors, such obligor may not have any remaining assets to repay its obligations to the Client. Some of the Clients' asset-backed investments may also have structural features that divert payments of interest and/or principal to more

senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This may interrupt the income the Clients receive from their investments, which may lead to the Clients having less income to distribute to limited partners.

Non-Performing Debt Risk. Certain Clients may make substantial investments in non-performing or other troubled assets, which involve a degree of financial risk and are experiencing or are expected to experience severe financial difficulties that may never be overcome. Investments in certain instances may have been originated by financial institutions which are insolvent or in serious financial difficulty or are no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling institution, and/or the standards by which such investments are being serviced or operated may be adversely affected. Further, investments in properties operating under the close supervision of a mortgage lender are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the investing Client's original investment therein. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.

Default Risk. Certain Client's income is expected to be derived largely from repayments of principal and interest received in respect of debt instruments. A wide range of factors may adversely affect an obligor's ability to make repayments, including: adverse changes in the financial condition of such obligor or the industries or regions in which it operates; the obligor's exposure to counterparty risk; systemic risk in the financial system and settlement; changes in law or taxation; changes in governmental regulations or other policies; natural disasters; terrorism; social unrest, civil disturbances or general economic conditions. Default rates tend to accelerate during economic downturns.

Any defaults may have a negative impact on the value of the applicable Client's investments and may reduce the return that such Client receives from its investments in certain circumstances. While some amount of defaults is expected to occur in Clients' portfolios, defaults in or declines in the value of the Clients' investments in excess of these expected amounts may result in breaches of covenants under the respective Client's financing arrangements, triggering credit enhancement requirements or accelerated repayment provisions and, if not cured within the relevant grace periods, permitting the finance provider to enforce its security over all the assets of the affected Client.

In the case of debt ranking equally with the loans or debt securities in which a Client invests, such Client would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant investee company. Each jurisdiction in which Clients invest has its own insolvency laws. As a result, investments in similarly situated companies in different jurisdictions may confer different rights in the event of insolvency.

Bankruptcy Procedure Risk. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Client. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Client; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

United States bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Client's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be significant.

Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Client, by virtue of such action, is found to exercise "domination and control" of a debtor, the Client may lose its priority if it can be demonstrated that the debtor's business was adversely impacted or other creditors and equity holders were harmed by the Client.

Investments in the debt of financially distressed companies domiciled outside the United States involve additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

Participation Interests Risk. The Clients may purchase participation interests in debt instruments which do not entitle the holder thereof to direct rights against the obligor. Participations held by the Clients in a selling institution's portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. The Clients have the right to receive payments of principal, interest and any fees to which they are entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the obligor. Additionally, the transparency of financial statements used by such financial institutions, in particular, with respect to the value of complex financial assets, has been called into question. When the Clients hold a participation in a debt instrument, they may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if the Clients do not vote as requested by the selling institution, they may be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the Clients, and such selling institutions may not consider the interests of the Clients in connection with their votes.

Fraudulent Conveyance Risk. Various federal and state laws enacted for the protection of creditors may apply to a Client's investments by virtue of the role of such Client as a creditor with respect to such investments. If a court, in a lawsuit brought by an unpaid creditor or representative of creditors of an obligor under a portfolio investment, such as a trustee in bankruptcy or the obligor as debtor-in-possession, were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to the incurring of such indebtedness, the obligor (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such obligor constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances, subordinate such indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor (including to the Client) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer or other obligor of an Investment, payments made on the investment could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency depending on a number of factors, including the amount of equity of the obligor owned by the Client and its affiliates and any contractual arrangements between the obligor, on the one hand, and the Client and its affiliates, on the other hand. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, an obligor would be considered insolvent at a particular time if the sum of its debts was greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to

pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether an obligor was insolvent after giving effect to the incurrence of the loan or that, regardless of the method of evaluation, a court would not determine that the obligor was "insolvent" upon giving effect to such incurrence. In general, if payments on investments are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Client) or from subsequent transferees of such payments, including limited partners.

Equitable Subordination Risk. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, including equitable subordination (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower. The Client, as a creditor, may be subject to allegations of lender liability. Furthermore, the Client may be unable to control the conduct of the other lenders under a loan syndication agreement requiring less than a unanimous vote, yet the Client may be subject to lender liability for such conduct.

Derivative Risks and Synthetic Securities Risk. Client investments may consist of derivatives and synthetic securities such as swaps (including total return swaps and credit default swaps), over-the-counter transactions, collateralized loan obligations, commercial mortgage-backed securities and residential mortgage-backed securities ("CLOs", "CMBs" and "RMBSs," as applicable) and other derivative instruments. Investments through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of the underlying securities or assets. The Client generally will have no right directly to enforce compliance by the underlying obligor with the terms of the underlying obligation nor any rights of set-off against the underlying obligor, nor have any voting or other consensual rights of ownership with respect to the underlying obligation. The Client will not directly benefit from any collateral supporting the underlying obligation and will not have the benefit of the remedies that would normally be available to a holder of such underlying obligation.

Assignments Risk. The Clients may also purchase assignments, which are arrangements whereby a creditor assigns an interest in a loan to the Clients. The purchaser of an assignment typically succeeds to all the rights and obligations of the assignor of the loan and becomes a lender under the loan agreement and other operative agreements relating to the investment. Assignments are, however, arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assignor of the loan.

Small Private Companies Risk. 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 Clients 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 businesses, 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.

Control Risk. In certain situations, Clients may only acquire a minority interest in a company or other assets in which they are investing, may rely on independent third-party management or strategic partners with respect to the operation of a company or other assets in which they are investing, or may only acquire a participation in an asset underlying an investment, and, therefore, may not be able to exercise control over the management of such company or investment. Although an investing Client may not have complete control over such an investment and, therefore may have a limited ability to protect its position therein, such Client's general partner will expect that appropriate

rights will be negotiated to protect the Client's interests. Nevertheless, such investments may involve risks in connection with such third-party involvement, including the possibility that third-party management or strategic partners may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the investing Client or may be in a position to take action contrary to such Client's investment objectives. In addition, Clients may in certain circumstances be liable for the actions of third-party management or strategic partners. In instances where a Client invests with a Co-Investment Fund, such Client may not have absolute control over the management of such investment.

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, CCIA, or a Colony NorthStar affiliate 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, LLC ("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 NorthStar/RXR New York Metro Real Estate, Inc. ("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 to NS/RXR, which may represent a conflict of interest for their respective advisers.

Colony NorthStar has also formed a long-term strategic partnership (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 NorthStar Healthcare Income, Inc. (“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 Griffin-American Healthcare REIT II, Inc., 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 Holdings LLC, 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, CNI TCEF Advisors, LLC, and Townsend Group Advisors, LLC. These entities act as advisers to certain closed-end investment companies sponsored or co-sponsored by Colony NorthStar.

NorthStar Securities, an affiliate 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 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 Mergers, 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 Vehicle invest in, or engage in transactions with, other Managed Vehicles. CCIA has an incentive to favor investments in or between, or corporate combinations, reorganizations or other transactions between or among, two or more Managed Vehicles 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 Joint 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, general partner, or similar governing body, as applicable, 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, also, "Allocation Policy", in Item 12, below.

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 Vehicle 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 Vehicle to Managed Vehicle, and transactions may be effected differently for one Managed Vehicle 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 Vehicles in connection with a portfolio sale in order to seek best execution for each Managed Vehicle. In such instances, the applicable Managed Vehicle 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 Vehicles, 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 Vehicle'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 Vehicle, 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 Vehicle, 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 Client is monitored by a team that is responsible for performance monitoring and reporting, financial risk management and all non-real estate aspects of the Client 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 Client, transaction structuring, acquisition budgets and transaction documentation. Additionally, CCIA has certain investment committee(s) that approves each investment (or other significant investment-related or corporate activity) made on behalf of a Client and the allocation of those investments, as discussed in Item 12.

Certain Clients prepare unaudited reports on a quarterly basis, providing summary financial and other information about the Client, and audited financial statements of the Client annually. CCIA may provide certain investors with information on a more frequent and detailed basis if agreed to by CCIA.

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 Vehicles clients to, prospective investors, in such Managed Vehicles. 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 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 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 Client 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 may receive proxy voting proposals with respect to listed equity securities. Additionally, CCIA may, from time to time, receive amendments, consents or resolutions applicable to investments held by Clients (collectively, "proxies"), such as limited partner consents for real estate private equity funds in which 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 and has adopted proxy voting policies and procedures designed to ensure that proxies are properly voted and that any conflicts of interest are addressed appropriately. Due to the difficulty of predicting and identifying material conflicts, CCIA relies on its employees, such as Portfolio managers and/or investment management teams, to notify the CCO or designee of material conflicts that may impair CCIA's ability to vote proxies appropriately. CCIA may have conflicts of interest, for example, where it has a substantial business relationship with a company and a failure to vote in favor of a company management could harm CCIA's relationship with company management. If a material conflict exists, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the client, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment. In each instance, when exercising its voting discretion, CCIA seeks to avoid any direct or indirect conflict of interest between its clients and its voting decision. One Client's best interests with respect to a proxy vote may diverge from the interests of other Managed Vehicles, 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.