

CLNC ADVISORS, LLC

Form ADV, Part 2A

BROCHURE

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Date of Brochure: February 11, 2021

This brochure (“Brochure”) provides information about the qualifications and business practices of CLNC Advisors, LLC (“CLNC Advisors” or “Manager”). 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.

The Manager 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 the Manager is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

CLNC Advisors, LLC, a Delaware limited liability company (“CLNC Advisors” or the “Manager”), last filed as a relying adviser to CLNC Manager, LLC’s, a Delaware limited liability company, other-than-annual amendment to Form ADV, Part 2A, which was filed on January 22, 2021. The Manager depends on certain personnel and operational resources from time to time of CLNC Manager, LLC, a separate registered investment adviser under the Advisers Act. This other-than-annual amendment update includes the following changes that were made since the last update:

Registration of the Manager as a separate registrant pursuant to Form ADV.

Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by CLNC Advisors to provide new and prospective investors with a clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss any material changes since the last update to assist investors and make them aware of certain information that has changed since the most recently filed Brochure and that may be important to them.

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 Manager or an affiliate (each a “Managed Vehicle”) or other potential companies, funds and accounts (“Clients”)
- a complete discussion of the features, risks or conflicts associated with any advisory relationship or Managed Vehicle or Client

As required by the U.S. Investment Advisers Act of 1940, as amended (“Advisers Act”), the Manager 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 or Client, together with the Managed Vehicle’s or Client’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 or Client. 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 the Manager, persons who receive this Brochure (whether or not from Manager) should be aware that it is designed solely to provide information about Manager 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 or Client is included in relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by the Managed Vehicle or Client or by another authorized party.

In no event should this Brochure be relied upon in determining whether to invest in a Managed Vehicle or Client or to engage Manager 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 Credit

CLNC Advisors, LLC (“CLNC Advisors” or “Manager”) is a Delaware limited liability company and a controlled subsidiary of Colony Credit Real Estate, Inc. (NYSE: CLNC) (“Colony Credit”), a commercial real estate credit real estate investment trust (“REIT”) focused on originating, acquiring, financing and managing a diversified portfolio of commercial real estate debt and net lease real estate investments predominantly in the United States. Commercial real estate debt investments primarily consist of senior mortgage loans, which Colony Credit expects to be the primary investment strategy.

Colony Credit is organized as a Maryland corporation and taxed as a REIT under the U.S. Internal Revenue Code of 1986, as amended. Colony Credit is a public company registered with the SEC under the Securities Act of 1933, as amended, and Securities Exchange Act of 1934, as amended. Colony Credit 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 of 1940, as amended (the “Investment Company Act”). Colony Credit is publicly traded on the New York Stock Exchange under ticker symbol “CLNC”.

Colony Capital, Inc. (NYSE: CLNY) (“Colony Capital”) holds a greater than 25% common stockholder position in Colony Credit. Colony Credit is externally managed by CLNC Manager, LLC, a subsidiary of leading global digital real estate and investment management firm, Colony Capital, pursuant to a management agreement. The Manager depends on certain personnel and operational resources from time to time of CLNC Manager, LLC, a separate registered investment adviser under the Advisers Act.

Colony Credit’s Investment Management Business

The Manager

The Manager is a controlled subsidiary of Colony Credit, whose advisory business primarily consists of advising CLNC 2019-FL1, Ltd. (“CLNC 2019-FL1”), and may in the future sponsor, co-sponsor and/or advise other Clients. As of the date hereof, the Manager does not advise any Clients other than CLNC 2019-FL1.

The primary business objective of the Manager is to serve as collateral manager and provide collateral management services to CLNC 2019-FL1, which includes reviewing and approving orders for new investment transactions for CLNC 2019-FL1 until the end of the reinvestment period in October 2021, unless such reinvestment period is earlier terminated in accordance with the collateral management agreement. The collateral management agreement provides for a collateral manager fee, payable monthly in arrears on each payment date, equal to 0.10% per annum of the sum of the net outstanding portfolio balance as of such payment date; provided, however, that the Manager has agreed to waive its entitlement to such collateral manager fee for so long as the Manager (or an affiliate thereof) is the collateral manager. However, there can be no assurance that any non-affiliated replacement collateral manager will also waive the right to receive such collateral manager fee.

As of December 31, 2020, the Manager managed \$1,006,494,969 of client assets (solely in CLNC 2019-FL1) on a discretionary basis and \$0 in client assets on a non-discretionary basis. 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 Credit or Clients.

Affiliated Advisers

The Manager does not have any affiliated advisers.

CLNC Manager, LLC, a controlled subsidiary of Colony Capital, has certain affiliated advisers (the “Colony Affiliated Advisers”) that include, but are not limited to: Colony Capital Investment Advisors, LLC (Delaware). Further information about the advisory businesses of these affiliates can be found in the public disclosures on Form ADV for those firms.

The Manager and such Colony Affiliated Advisers generally have common policies and procedures with respect to their Clients, which may include sharing certain personnel from time to time. Each Colony Affiliated Adviser is a separate and distinct company that may have differing investment capabilities and functions, but the Colony Affiliated Advisers work collaboratively to provide advice and services to Clients. The advisory business of the Colony Affiliated Advisers primarily consists of advising private investment funds and co-investment vehicles and/or public REITs that are either traded on a national securities exchange or non-listed and sold through independent broker dealer channels. The investment strategies of these Managed Vehicles are generally focused on making direct investments in debt and securities, digital infrastructure, real estate and real estate-related assets, debt and distressed debt investments.

Colony Capital also directly and indirectly owns a number of operating entities 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 Capital that are engaged in the financial services industry are described in Item 10 below.

A Note about Client Disclosures

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

Item 5: Fees and Compensation

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

Management Fees

As of the date hereof, the Manager does not advise any Clients other than CLNC 2019-FL1. The collateral management agreement between the Manager and CLNC 2019-FL1 provides for a collateral manager fee, payable monthly in arrears on each payment date, equal to 0.10% per annum of the sum of the net outstanding portfolio balance as of such payment date; provided, however, that the Manager has agreed to waive its entitlement to such collateral manager fee for so long as the Manager (or an affiliate thereof) is the collateral manager.

There can be no assurance that any non-affiliated replacement collateral manager will also waive the right to receive such collateral manager fee.

Other Fees and Expense Reimbursements

Expense Reimbursements

With respect to managing CLNC 2019-FL1, the Manager will be responsible for its own overhead and expenses incurred in the course of performing its obligations under the collateral management agreement; provided that the Manager will be entitled to reimbursement for certain out-of-pocket expenses, including, without limitation, expenses and costs incurred in effecting or directing purchases and sales of commercial real estate (“CRE”) loans and eligible investments, negotiating with borrowers under the CRE loans as to proposed modifications or waivers, taking action or advising the trustee with respect to CLNC 2019-FL1’s exercise of any rights or remedies in connection with such CRE loans or eligible investments, participating in committees or other groups formed by creditors of the borrower under a CRE loan, consulting with and providing rating agencies with any information in connection with its maintenance of the ratings of the issued notes, expenses related to the provision of information in order to render the issued notes eligible for resale pursuant to Rule 144A, reasonable travel expenses (airfare, meals, lodging and other transportation) undertaken in connection with the Manager’s duties pursuant to the collateral management agreement and for an allocable share of the cost of certain credit databases utilized by the Manager in providing services to the CLNC 2019-FL1 under the collateral management agreement.

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

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

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

The allocation of Manager’s expenses among Clients may also create conflicts of interest. The Manager will allocate certain expenses associated with managing Client assets among the applicable Clients, based on the services provided to each Client and the limitations set forth in each Client’s Governing Documents. This may create incentives for Manager to allocate investment opportunities among Clients, based on the adviser’s expenses that the Clients will assume. In addition, Manager’s expense allocations may impact whether or not certain performance hurdles are met by a Client, which can impact whether Manager receives incentive fees. This creates a conflict of interest and may create an incentive for Manager to allocate expenses disproportionately among Clients.

Manager seeks to treat all Clients 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, as and when applicable, Manager has available 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

Manager currently provides investment advice only to CLNC 2019-FL1, but it may in the future provide investment advice to other Clients, including pooled investment vehicles, co-investment vehicles and real estate finance companies, which may be in the form of corporations, limited partnerships or limited liability companies. The Manager does not have requirements for opening or maintaining accounts. However, there may be conditions for investing in Managed Vehicles, including minimum investment amounts, which are stated in their respective Governing Documents for each Managed Vehicle. For 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, any Managed Vehicle Client would be 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 Manager. Therefore, investors must consider whether the Managed Vehicle meets their investment objectives and risk tolerance prior to investing in a Managed Vehicle.

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

Methods of Analysis and Investment Strategies

The Manager will invest in CRE loans that are eligible investments on behalf of CLNC 2019-FL1. Eligible investments are generally limited to senior mortgage loans that are backed by CRE assets. These loans are secured by a first mortgage lien on a commercial property and provide mortgage financing to a commercial property developer or owner. The loans may vary in duration, bear interest at a fixed or floating rate and amortize, if at all, over varying periods, often with a balloon payment of principal at maturity. The eligible investments may include participation interests in senior mortgage loans and/or related mezzanine loans secured by equity interests in the related mortgage borrower of the applicable senior mortgage loan.

As a general matter, Manager will provide investment strategies consistent with the investment objectives and needs of each Client.

Leverage Strategy

The Manager may employ leverage on behalf of a Client. Financing strategies may be multi-pronged and may include a secured revolving credit facility, secured revolving repurchase facilities, non-recourse securitization financing, commercial mortgages and other asset-level financing structures. In addition, the Manager may evaluate and use other forms of financing, including additional warehouse facilities, public and private secured and unsecured debt issuances and equity or equity-related securities issuances by a Client or its subsidiaries. A Client may also finance a portion of its investments through the syndication of one or more interests in a whole loan or securitization.

Hedging

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

Material Risks

Risk of Loss

An investment in CLNC 2019-FL1 involves risk. There is no certainty of return with respect to any such investment. There is no guarantee that CLNC 2019-FL1 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 the notes issued by CLNC 2019-FL1. Investors should refer to the risk factors in CLNC 2019-FL1'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 CLNC 2019-FL1. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in CLNC 2019-FL1. These risk factors include certain risks Manager believes to be material, significant or unusual and relate to particularly significant investment strategies or methods of analysis employed by Manager.

General Risks

Deterioration in Economic Conditions May Adversely Affect the Value of the Notes

Over the life of the notes, the real estate and securitization markets, including the market for CRE securities ("CRE Securities"), as well as financial markets and the economy generally, may experience periods of deterioration causing significant dislocations, illiquidity and volatility, which may affect the value of CRE Securities, including the notes. During such periods, real estate-related risks, as set forth in further detail below, may cause increased delinquencies and defaults on CRE loans, which would likely have an adverse effect on the value and/or liquidity of CRE Securities (including the notes) that are backed by loans secured by such commercial real estate. Moreover, during such periods, it may be more difficult for CRE borrowers to sell mortgaged properties and pay off loans, or refinance loans, as such loans become due. We cannot assure you that the CRE Securities market will not be adversely impacted by such factors. Even if the CRE Securities market is not affected by such factors, the mortgaged properties particularly may nevertheless suffer periods of deterioration causing, among other things, declining values, diminishing the credit profile of the underlying collateral interests and the notes.

In the event of defaults and/or losses on a collateral interest, CLNC 2019-FL1 may suffer disruption of the cash flows received on such collateral interest, or a partial or total loss on the collateral interest, diminishing the cash available for timely payment of interest and principal on the notes.

Consequently, investors should consider developing economic conditions as they might affect conditions in the U.S. commercial real estate and mortgage markets generally and the collateral interests particularly.

Real Estate-Related Risk

- *Real Estate Risk.* CLNC 2019-FL1's investments in CRE loans 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 financial condition and success of the tenant/operator business;

- property management decisions;
- property type, concentration risk, special uses and availability of alternative uses;
- special risks associated with hospitality, office, multi-family, retail, self-storage and/or industrial properties;
- property location and conditions and geographic concentration;
- 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 as well as tenant rollover concentration, timing and significant vacancies;
- the effects of any bankruptcies or insolvencies;
- the expense of leasing, renovation or construction;
- stabilization of mortgaged properties following renovation, construction, lease-up and/or re-tenanting or other repositioning;
- changes in interest rates, uncertainty of future performance of or discontinuance of LIBOR, implementation of a suitable benchmark replacement (including SOFR-based benchmarks);
- 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;
- compliance with U.S. and European credit risk retention rules, including regulatory enforcement risk;
- changes in laws, including zoning laws, use restrictions, building code compliance and/or other laws that increase operating expenses or limit rents that may be charged;
- environmental considerations, including 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, prevention of money laundering and know-your-client compliance considerations and economic sanctions;
 - insurance considerations, including adequacy and 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.
- *Commercial Real Estate Debt and Securities.* CRE debt and securities investments are generally directly or indirectly secured by a lien on real property. The occurrence of a default on a CRE debt investment could result in CLNC 2019-FL1 acquiring ownership of the property. Manager does not know whether the values of the properties ultimately securing CRE debt and ultimately securing the mortgage loans underlying CRE securities will remain at the levels existing on the dates of origination of these underlying mortgage loans and the dates of origination of the loans ultimately securing the CRE securities, as applicable. If the values of the properties drop, the risk will increase because of the lower value of the collateral and reduction in borrower equity associated with the related loans. In this manner, real estate values could impact the values of CRE debt and securities investments. CRE equity investments may be similarly affected by real estate property values. Therefore, CRE equity, debt and securities investments are subject to the risks typically associated with real estate.
 - *Credit Spread Risk.* CLNC 2019-FL1's investments in CRE loans are subject to changes in credit spreads. When credit spreads widen, the economic value of such investments decrease. Even though such an investment may be performing in accordance with its terms and the underlying collateral has not changed, the economic value of the investment may be negatively impacted by the incremental interest foregone from the widened credit spread.
 - *Senior Participations.* The underlying documents with respect to the collateral interests that are senior participations will include, among other things, one or more participation agreements (or co-lender agreements or intercreditor agreements) that govern the relationship between the holders of the senior participations and the holders of the non-acquired participations. Title to a CRE loan that underlies a senior participation may be held by CLNC 2019-FL1 or may be held by a participating institution that may or may not be an affiliate of CLNC 2019-FL1 or its sponsor. With respect to senior participations where CLNC 2019-FL1 is not the holder of title to the underlying CRE loan, CLNC 2019-FL1 will not be in contractual privity with the underlying borrower, and instead must rely on the rights granted to it under the terms of the participation agreement. As a result, the ability of CLNC 2019-FL1 to recover under the senior participation may be subject to the credit risk of the participating institution. Payments to CLNC 2019-FL1 will be affected if the participating institution fails to collect the funds in a timely fashion or files bankruptcy or is otherwise declared insolvent.
 - *Future Funding Participations.* The related borrower may, subject to compliance with certain conditions, obtain future advances, the amounts of which were determined at the time the related participated loan was originated, to be applied for one or more purposes, including taxes and insurance, capital expenditures for construction or renovation of the related mortgaged property, tenant improvements and leasing commissions or debt service. However, there can be no assurance that such amounts will be sufficient to

cover actual costs and expenses that the future advance was intended to address. If a future advance is made, but is insufficient to cover the related expenses, or if expected improvements in performance do not occur, despite completion of the work or lease-up for which such future advance is being made, the amount of debt secured by the related mortgaged property could increase as a result of such future advance, without a concurrent increase in the value or cash flow of such mortgaged property. Such risk may be increased if the future funding holder elects to waive conditions to the making of a future advance. If the holder of a future funding participation fails to fund a future advance when it is due under the related participated loan, there is a risk that the related borrower may default or claim a right of offset against its obligations under the related participated loan, which would result in losses being allocated to the related collateral interest. Therefore, there can be no assurance that a failure to fund any future advance by the holder of a future funding participation will not cause payments on the related collateral interest to be interrupted. In addition, the related borrower may assert lender liability claims against the lender under the participated loan.

- *Market Volatility and Due Diligence Risk.* Periods of market volatility and lack of liquidity may make the valuation process pertaining to certain of CLNC 2019-FL1's assets difficult. Manager's estimate of the value of these investments will be primarily based on active issuances and the secondary trading market of such securities as compiled and reported by independent pricing agencies. Manager's estimate of fair value, which will be based on the notion of orderly market transactions, requires significant judgment and consideration of other indicators of value such as current interest rates, relevant market indices, broker quotes, expected cash flow and other relevant market data as appropriate. Manager's estimates could be wrong and there is a heightened risk of this during challenging and volatile market environments. The amount that CLNC 2019-FL1 could obtain if Manager were forced to liquidate investments into the current market could be materially different than management's best estimate of fair value.

Risks Related to the Offered Notes

The notes offered by CLNC 2019-FL1 (the "Offered Notes") are not suitable investments for all investors. Structured investment products like the Offered Notes are complex instruments involving a high degree of risk and are intended for sale only to sophisticated investors capable of understanding and assuming such risks. As a result, an investment in the Offered Notes involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities, who have conducted appropriate diligence on the collateral interests and the Offered Notes and have consulted their own professional advisors as to the risks involved in making such a purchase, including without limitation, the following risks:

- limited liquidity and restrictions on transfer;
- limited recourse obligations;
- CLNC 2019-FL1 will have no substantial assets other than the collateral interests;
- third-party litigation;
- risks related to ratings of the Offered Notes, reliance on such ratings and the satisfaction of rating agency conditions;
- lack of noteholder rights to direct and consult with the servicer, special servicer and CLNC 2019-FL1;
- rights to exercise remedies following events of default;
- dependance of CLNC 2019-FL1 on the Manager.

Public Health Risk

There is currently an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a pandemic. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment, real estate and other industries. The impact of COVID-19 has led to significant volatility in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on Clients, and could adversely affect a Client’s ability to fulfill its investment objectives. The extent of the impact of any public health emergency on a Client’s operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted.

Acts of God and Geopolitical Risks

The performance of Clients could be impacted by acts of God or other unforeseen and/or uncontrollable events (collectively, “Disruptions”), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19 (Coronavirus), SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment’s profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions. In addition, there is a risk that a Disruption will significantly impact the operations of the Manager or Clients. The extent of the impact of any such Disruptions on the Manager and Clients will depend on many factors, including the duration and scope of such Disruptions, the extent of any related travel advisories and restrictions implemented, the impact of such Disruptions on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its Disruptions to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, the Manager’s ability to source, manage and divest investments, and the Manager’s ability to achieve the Client’s investment objectives, ultimately resulting in significant losses to the Clients and their investors.

Compliance with Advisers Act

The Manager has covenanted in the collateral management agreement that neither it nor any of its affiliates will cause CLNC 2019-FL1 or the co-issuer to enter into any transaction to acquire a collateral interest unless such transaction complies with the requirements of Section 206(3) of the Advisers Act. Nevertheless, there can be no assurances that the Manager and/or its affiliates will so comply. None of CLNC 2019-FL1, the co-issuer, the placement agents, the trustee or their respective affiliates makes any warranty or representation as to such compliance, and each purchaser of the

Offered Notes, as a condition of such purchase, were deemed to agree that none of the foregoing persons will have any liability whatsoever for any failure so to comply.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

The Manager is a controlled subsidiary of Colony Credit Real Estate, Inc. (“Colony Credit”), a commercial real estate credit REIT and investment management firm publicly traded on the New York Stock Exchange. Colony Capital, Inc. (“Colony Capital”) holds a greater than 25% common stockholder position in Colony Credit. Colony Credit is externally managed by CLNC Manager, LLC, a subsidiary of a global digital real estate and investment management firm, Colony Capital, pursuant to a management agreement.

The affiliation between Colony Capital and Colony Credit (and the Manager) may create potential conflicts of interest for the Manager, including with respect to instances where the investment strategy of Colony Credit and/or CLNC 2019-FL1 may overlap with Colony Capital’s balance sheet or the investment strategies of certain Managed Vehicles advised by Colony Capital or its affiliates. Colony Capital, the Colony Affiliated Advisers, and the Manager have implemented policies and procedures, including an allocation policy (described in further detail below), to mitigate or avoid potential conflicts of interest.

The Manager and Colony Affiliated Advisers generally have common policies and procedures with respect to their Clients. The advisory businesses of the Colony Affiliated Advisers consist of advising Managed Vehicles. The Manager may share investment personnel and resources with the Colony Affiliated Advisers and other affiliates of Colony Capital and will devote such time as shall be necessary to conduct the business affairs of Clients in an appropriate manner. Personnel of the Manager will accordingly work on several projects at any time and, therefore, conflicts may arise in the allocation of personnel and other management resources. Manager and its affiliates are not required to manage any one Client as its sole and exclusive function, and Manager and its affiliates, and their respective agents, officers, directors and personnel 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. The businesses of the Colony Affiliated Advisers are not covered under this Brochure, and more information about such advisory businesses are available in the Form ADV filings for those firms.

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

Code of Ethics

The Manager has adopted a Joint Code of Ethics (the “Code”) that applies to all of the Manager’s personnel. This Code describes the standard of conduct that Manager requires of all of its personnel 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 Manager’s personnel, 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. Manager will provide a copy of the Code to any client or prospective client upon request.

Personal Trading

Personnel 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 personnel to invest in the same securities as Clients, there is a possibility that personnel 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, Manager 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, Manager 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 Manager buys or sells securities or other investments for Clients if Manager feels that there is a possibility that the personal trade would benefit from Manager’s investment activities.

All personnel of the Manager are required to annually certify that they have complied with the Code and Manager’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

Manager’s personnel 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 personnel of the Manager 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, all personnel of the Manager 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 Manager and its personnel. One or more lists of restricted securities in which Manager may have material non-public information are maintained in accordance with the Code. All personnel of the Manager are prohibited from trading in issuers on the restricted list unless specifically approved by the CCO or designee.

Gifts and Entertainment

Manager and its personnel are subject to policies governing the types and value of gifts and forms of entertainment that its personnel may accept from broker-dealers, vendors, current or prospective clients.

Cross-Trades and Principal Transactions

From time to time Manager may execute cross trades among Clients. Manager 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 Manager’s internal policies and procedures. Manager 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, Manager provides information on the fee related to the cross trade to the board of directors of the applicable Client for approval.

The Manager may also from time to time execute principal trades between one or more Clients and the balance sheet of Colony Credit, the Manager’s parent company. The Manager may also be considered to be engaging in a principal transaction if it were to enter into a transaction between Colony Credit and another Client advised by the Manager or an affiliate or Colony Capital. In cases where the Manager would be deemed to be engaging in a principal transaction, the Manager will disclose to any applicable Clients the capacity in which it or an affiliate is acting and obtain such Client’s (or such Client’s authorized board of directors, advisory committee or similar governing body) consent before

the completion of each transaction. Principal transactions also create potential conflicts of interest, including conflicts related to pricing and execution costs of the transaction. The Manager will take steps to manage or avoid conflicts of interest when engaging in such transactions in accordance with applicable law and the Governing Documents of the applicable Client, as applicable.

Other Conflicts

The Manager and the Colony Affiliated Advisers manage 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 the Manager or a Colony Affiliated Adviser 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. The Manager or a Colony Affiliated Adviser 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 the Manager or a Colony Affiliated Adviser may allocate a particular investment among the Clients unequally, the Clients may produce results that are materially different from one another. (See *Item 12: Brokerage Practices--Allocation Policy*.)

Item 12: Brokerage Practices

Transaction Execution and Broker-Dealer Selection

Manager seeks to minimize the cost and expense of investment transactions effected on behalf of CLNC 2019-FL1 or another client, if applicable, 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, and transactions may be effected differently for one Client 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. If applicable, the Manager or a Colony Affiliated Adviser may aggregate assets among Clients in connection with a portfolio sale in order to seek best execution for each Client. In such instances, the applicable Client shares transaction expenses on a pro-rata basis.

Manager 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 transactions for CLNC 2019-FL1 or another Client, if applicable, such transactions will be allocated to brokers and dealers on the basis of Manager's best execution policies. The factors considered in selecting and approving brokers-dealers that may be used to execute trades for such Client's accounts include, but are not limited to: (i) the reasonableness of the broker-dealer's commissions relative to others offering similar services; (ii) the ability of such broker-dealer to execute a transaction efficiently and appropriately; (iii) the broker-dealer's general expertise and background; (iv) the type and size of the transaction involved; (v) the stability or solvency of the service provider or counterparty; (vi) settlement capabilities; (vii) time required to complete the role sought; and (viii) research services or any arrangements relating to overall performance in the best interest of the client.

Manager accepts only proprietary research from the brokers and does not enter into any formal soft dollar arrangements whereby it receives research or any other benefit from third parties. Research services received from brokers and dealers are supplemental to the Manager's own research effort. To the best of the Manager's knowledge, these services are generally made available to all institutional investors doing business with such broker-

dealers. Manager does not separately compensate such broker-dealers for the research and does not believe that it “pays-up” for such broker-dealers’ services due to the difficulty associated with the broker-dealers not breaking out the costs for such services. Manager’s acceptance of research from brokers is done in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Allocation Policy

The Manager will allocate investment opportunities that may be suitable for CLNC 2019-FL1, Colony Credit or any other Client, as applicable, in accordance with an investment allocation policy. The investment allocation policy, described in further detail below, seeks to ensure that investment opportunities are allocated in a fair and equitable manner over time, consistent with the Manager’s fiduciary duty to its Clients and in a manner that is consistent with each of its Client’s particular characteristics, including their investment objectives, restrictions and risk profile. Generally, as a fiduciary, the Manager is prohibited from making investment allocation decisions solely based on any of the following considerations, which include but are not limited to: (i) unduly favoring one Client (or group of Clients) at the expense of another, including any proprietary or personal accounts of its associated persons or affiliates of the Manager; (ii) generating higher fees paid by one Client (or group of Clients) over another or to produce greater performance compensation to the Manager; (iii) compensating a Client (or group of Clients) for past services or benefits rendered to the Manager or to induce future services or benefits to be rendered to the Manager; and (iv) managing or equalizing investment performance among different Clients (or group of Clients).

When making investment allocation decisions regarding a suitable investment for one or more Clients, the Manager will take into account, without limitation: (i) investment objectives, dedicated mandates, strategy and criteria; (ii) current and future cash requirements of the investment and the Client; (iii) the effect of the investment on the diversification of the portfolio, including by geography, size of investment, type of investment and risk of investment; (iv) leverage policy and the availability of financing for the investment by each Client; (v) anticipated cash flow of the investment to be acquired; (vi) income tax effects of the investment; (vii) the size of the investment; (viii) the amount of funds available for investment; (ix) ramp-up or draw-down periods; (x) cost of capital; (xi) risk return profiles; (xii) targeted distribution rates; (xiii) anticipated future pipeline of suitable investments; (xiv) the expected holding period of the investment and the remaining term of the Client, if applicable; (xv) legal, regulatory or tax considerations, including any conditions of an exemptive order; (xvi) affiliate and/or related party considerations; and (xvii) whether a Client has other sources of investment opportunities outside of the Manager. If it is determined that an investment is most suitable for a particular Client, the investment will be allocated to such Client. If it is determined that an investment is equally suitable for two or more Clients, then the Manager may allocate the investment among such Clients on a rotational basis. In general, a rotational allocation methodology means that if a Client has been previously allocated an investment as a result of the rotational process, it may be skipped in the rotation until all other Clients for which a particular investment is equally suitable have been allocated an investment. Subject to regulatory restrictions, SEC guidance and any exemptive orders obtained by one or more Managed Vehicles (as applicable), the Manager may deem it appropriate for a Client and one or more other Managed Vehicles to co-invest in an investment opportunity (based on available capital, among other relevant factors, to the extent required). The decision of how any potential investment should be allocated among Clients in many cases may be a matter of highly subjective judgment, which will be made by the Manager in its sole discretion; such transactions are not required to be presented to a Client’s board of directors, advisory committee or similar governing body for approval, and there can be no assurance that any conflicts will be resolved in a particular Client’s favor.

The investment allocation policy may be subject to amendment and change then-existing, or adopt additional, conflicts of interest resolution policies and procedures designed to support the fair and equitable allocation of investments and to prevent the preferential allocation of investment opportunities among entities with overlapping investment objectives.

Item 13: Review of Accounts

Colony Credit and its business is monitored by a team that is responsible for performance monitoring and reporting, financial risk management and all non-real estate aspects of the business 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, the Manager has 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.

Currently, Colony Credit files publicly with the SEC unaudited reports on a quarterly basis, providing summary financial and other information about Colony Credit, and audited financial statements of Colony Credit on an annual basis. Manager may provide certain Clients (and investors) with information on a more frequent and detailed basis if agreed to by Manager and/or in the Governing Documents of such Client. Manager may advise accounts in the future that do not publicly file quarterly and annual financial statements.

Item 14: Client Referrals And Other Compensation

Manager 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, Manager may enter into arrangements with, and compensate solicitors for Client referral activities. These solicitation arrangements will be fully disclosed to Clients and will comply with the requirements of Rule 206(4)-3 of the Advisers Act.

Additionally, Manager may engage, or cause its Clients to engage and compensate placement agents for introducing Clients to, and to market and sell interests or shares in Clients to, prospective investors, in such Client. Manager 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, Manager 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, the Manager 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).

Manager 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 Manager if they fail to receive such financials timely.

Item 16: Investment Discretion

As a general rule, Manager receives discretionary investment authority from each Client at the outset of an advisory relationship. Depending on the terms of the Client's asset management or advisory agreement, Manager'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, Manager is guided by the mandate selected by the Client and any investment guidelines or restrictions imposed by the Client. Manager generally is not required to provide notice to, consult

with, or seek the consent of the Clients prior to engaging in transactions that fall within a Client's approved investment guidelines.

Item 17: Voting Client Securities

Due to the nature of Manager's investment programs, Manager does not ordinarily receive proxy voting proposals with respect to listed equity securities. However, if applicable, Manager may 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.

Manager 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, Manager relies on its personnel, such as portfolio managers and/or investment management teams, to notify the CCO or designee of material conflicts that may impair Manager's ability to vote proxies appropriately. Manager 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 Manager's relationship with company management. If a material conflict exists, the CCO 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, Manager 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 Clients, joint venture partners, Manager and/or Manager's affiliates. This may result in Manager casting votes for one Client that differs from votes cast for other Clients or in Manager taking other steps to mitigate any conflicts that may arise. In no event, however, will Manager 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 Manager's view as to the best interests of such holders, simply because a Client has a differing interest.

A copy of Manager'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.