Columbia Pacific Income Fund

A Columbia Pacific Advisors Fund

Fourth Quarter 2022 Update

Please see the Disclaimers at the back of this letter for important information regarding this document

February 16, 2023

Dear Investor,

The Columbia Pacific Income Fund ("CPIF" or the "Fund")[1] is pleased to distribute $19.3 million to our investors of record as of December 31, 2022. This distribution represents one quarter of your preferred return of 8% annual yield. If you elected to participate in the distribution reinvestment program (the "DRIP Program"), your allocable portion of the prior period yield will remain invested in the Fund instead of being distributed in cash. CPIF generated a 1.7% net yield to investors for the fourth quarter, contributing to a return of 8.0% for FY 2022.

The Fund originated $829 million in loans during 2022, including $113 million during Q4, bringing the total Fund investment value to $1.7 billion as of year-end. 2022 was a record for CPIF annual origination volume and has further underscored the importance of our relationships in the industry with quality borrowers and sophisticated sponsors. The Fund's affiliated joint venture[2] with a long-time sponsor to finance the acquisition of industrial outdoor properties has continued to introduce compelling deals within CPIF and is performing well. The joint venture represents 9.3% of the Fund's total investment value and the programmatic relationship with Criterion has resulted in 20 new property acquisitions in 2022 that continue to drive net operating income through lease income.

We believe CPIF is uniquely positioned to capitalize on attractive lending opportunities, as the recent capital markets dislocation has created access to opportunities that we have not seen available since the last downturn in 2008. We have experienced less competition for assets as capital-constrained banks reduce their lending volume and some of our direct competitors who employ leverage are facing challenges. This past year, we have observed the balance of power between lenders and borrowers migrate in favor of lenders, reinforced by tightening lending standards and borrowers' ongoing demand for certainty of loan execution by reliable capital partners, as CPIF provides. The lack of liquidity in the market has allowed us to increase our pricing over the last 6 months, which has a been a first in CPIF's 11 year history, without compromising the risk profile of the Fund. We are seeing a deal flow of borrower quality that we believe is quite good, while we continue to remain judicious and conservative in our underwriting. We anticipate seeing the benefit of the increased rates by the end of 2023, as we focus on adding fresh capital and payoff proceeds toward new originations.

Direct lending is not immune to macroeconomic headwinds, but we believe it is very well positioned to withstand such pressures with disciplined underwriting, proactive asset management, and solid loan structures with high quality borrowers. We are extremely proud of the Fund's performance through what has been a volatile investment environment this past year, most notably in the public markets. We continue to focus on our investment philosophy of protecting principal and generating consistent, risk-adjusted returns in the Fund, with the benefit of the Fund having a tax-efficient REIT structure[3].

The existing portfolio is performing well, with the asset management team focusing on monetizing real estate owned assets and distressed loans with the intent to maximize returns. The estimated NPL balance as of December 31, 2022 represented 11.4% of loans outstanding.

The General Partner will open the Fund for new and additional commitments[4] for April 1, 2023. If you are interested in adding capital to the Fund, please email IR@columbiapacific.com. Subscription forms will be provided to you via Anduin, our digital subscription platform.

We appreciate your support as our investor. As always, if you have any questions, please don't hesitate to reach out.

Sincerely,

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The disclaimers, definitions and endnotes below apply to this entire document.

ENDNOTES:

1. *"Columbia Pacific Income Fund", "CPIF" or the "Fund"* refers to Columbia Pacific Income Fund I, LP and Columbia Pacific Income Fund II, LP collectively. Both Funds invest in the same underlying holding company, CPIF Investments, LLC. Columbia Pacific Income Fund I was launched in November 2011 and is open to Accredited Investors. Columbia Pacific Income Fund II was launched in January 2015 and is open to Qualified Purchasers.

2. Affiliated joint venture consists of CPIL Lending, LLC (CPIL Lending). CPIF Lending, LLC, a company owned by CPIF Investments, LLC, owns 34.1% of CPIL Lending, which wholly owns a private real estate investment trust, CPIL REIT, LLC. CPIL REIT, LLC holds: a) 100% of CP PL Holding, LLC, an entity which originates private loans collateralized by industrial logistics real estate; and b) 100% of CP PL Equity, LLC, an entity which owns 25.0% of a portfolio of industrial logistics properties located across the United States.

3. CPIL employs a tax-efficient REIT structure, which characterizes investor income as "qualified dividends." Qualified dividends offer a 20% tax reduction from ordinary income distributions.

4. The Fund may suspend the acceptance of IRA and/or non-taxable investors due to ERISA regulatory size limitations of such investor types.

DEFINITIONS:

"Dollar amounts" are reported in millions and are rounded to the nearest $100,000 unless noted.

"Net yield" represents the yield, net of all fees and expenses, and assumes that an investor participated in the Fund during that entire period. Individual investor returns may vary depending on the timing of capital inflows and outflows.

"NPL" or "non-performing loans" represents loans for which a default notice has been issued, and are 90+ days past due on payments, and for which the borrower has either not executed or is not in compliance with a forbearance or other agreement; or loans that the manager has determined are experiencing non-performance based on certain other material facts and circumstances. For purposes of this update letter, not all loans that are in technical default under the terms of the relevant loan agreements are considered non-performing. For the avoidance of doubt, non-performance does not necessarily imply an ultimate forfeiture of principal or yield. In the event a non-performing loan is returned to performance it would no longer be categorized as non-performing for the purposes of future update letters. The non-performing loans reflected in this quarterly update reflects a percentage of such loans measured against the outstanding loan balance as of December 31, 2022.

"Percentages" are rounded to the nearest tenth of a percent.

DISCLAIMERS:

Past performance is no guarantee of future results. All investments involve risk of loss of some or even all of the amounts invested. Please refer to the Fund's Private Placement Memorandum for a more detailed discussion of the risks associated with an investment in the Fund.

All 2022 figures included in this letter are subject to final year-end audit adjustments.

This letter contains "forward-looking statements," which can be identified by use of forward-looking terminology such as "may," "will," "should," "expect," "attempt," "anticipate," "project," "estimate," "intend," "seek," "target," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to the various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. Any statements regarding market events, future events or other similar statements constitute only subjective views, are based upon expectations or beliefs of Columbia Pacific Advisors ("CPA") and involve inherent risks and uncertainties, many of which cannot be predicted or quantified and are the beyond CPA's control.

The contents of this presentation are not to be construed as legal, regulatory, business, accounting, or tax advice and you should consult your own attorney, business advisor, accountant, and tax advisor.