UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-37980

COLONY CAPITAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**46-4591526**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

750 Park of Commerce Drive, Suite 210
Boca Raton, Florida 33487
(Address of Principal Executive Offices, Including Zip Code)
(561) 570-4644
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock, $0.01 par value	CLNY	New York Stock Exchange
Preferred Stock, 7.50% Series G Cumulative Redeemable, $0.01 par value	CLNY.PRG	New York Stock Exchange
Preferred Stock, 7.125% Series H Cumulative Redeemable, $0.01 par value	CLNY.PRH	New York Stock Exchange
Preferred Stock, 7.15% Series I Cumulative Redeemable, $0.01 par value	CLNY.PRI	New York Stock Exchange
Preferred Stock, 7.125% Series J Cumulative Redeemable, $0.01 par value	CLNY.PRJ	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant’s voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2020 was approximately $1.14 billion. As of February 22, 2021, 492,149,296 shares of the Registrant's class A common stock and 733,931 shares of class B common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company’s Proxy Statement with respect to its 2020 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the Company’s fiscal year ended December 31, 2020 are incorporated by reference into Part III of this Annual Report on Form 10-K.

COLONY CAPITAL, INC.

FORM 10-K

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FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Annual Report on Form 10-K (this "Annual Report") constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we intend such statements to be covered by the safe harbor provisions contained therein. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this Annual Report reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the duration and severity of the current novel coronavirus (COVID-19) pandemic, and its impact on the global market, economic and environmental conditions generally and in the digital and communications technology, wellness infrastructure and hospitality real estate, other commercial real estate equity and debt, and investment management sectors;
- the impact of COVID-19 on the Company's operating cash flows, debt service obligations and covenants, liquidity position and valuations of its real estate investments, as well as the increased risk of claims, litigation and regulatory proceedings and uncertainty that may adversely affect the Company;
- whether we will successfully execute our strategic transformation to become a digital infrastructure and real estate focused company within the timeframe contemplated or at all, and the impact of such transformation on the Company's legacy portfolios and assets, including whether such transformation will be consistent with the Company's REIT status;
- our ability to obtain and maintain financing arrangements, including securitizations, on favorable or comparable terms or at all, including our ability to extend and/or replace our corporate credit facility;
- the Company's ability to complete anticipated monetizations of non-core assets within the timeframe and on the terms contemplated, if at all;
- the Company's ability to complete the pending exit of the Company's hospitality business within the timeframe and on the terms contemplated, if at all, and the amount of proceeds, if any, the Company will receive as a result of the exit after the impact of transaction costs and other transaction related expenses, including any required capital contributions to the hotel portfolios prior to closing;
- whether we will realize any of the anticipated benefits of the Company's pending exit from its hospitality business, if consummated;
- the impact of completed or anticipated initiatives related to our digital transformation, including the acquisitions of Digital Bridge Holdings, LLC and an ownership interest in Data Bridge Holdings, LLC, the strategic investment by Wafra, and the formation of certain other investment management platforms, on our company's growth and earnings profile;
- whether we will realize any of the anticipated benefits of our strategic partnership with Wafra, including whether Wafra will make additional investments in our Digital Other and Digital Operating segments;
- our ability to integrate and maintain consistent standards and controls, including our ability to manage our acquisitions in the digital industry effectively (such as Digital Bridge Holdings, LLC, Data Bridge Holdings, LLC and Vantage SDC);
- the impact to our business operations and financial condition of realized or anticipated compensation and administrative savings through cost reduction programs;
- our ability to redeploy any proceeds received from the sale of our non-digital or other legacy assets within the timeframe and manner contemplated or at all;

- our business and investment strategy, including the ability of the businesses in which we have a significant investment (such as Colony Credit Real Estate, Inc. (NYSE:CLNC)) to execute their business strategies, particularly in light of the current COVID-19 pandemic;
- CLNC's trading price and its impact on the carrying value of the Company's investment in CLNC, including whether the Company will recognize further other-than-temporary impairments on such CLNC investment;
- performance of our investments relative to our expectations and the impact on our actual return on invested equity, as well as the cash provided by these investments and available for distribution;
- our ability to grow our business by raising capital for the companies that we manage;
- our ability to deploy capital into new investments consistent with our digital business strategies, including the earnings profile of such new investments;
- the impact of adverse conditions affecting a specific asset class in which we have investments;
- the availability of, and competition for, attractive investment opportunities;
- our ability to achieve any of the anticipated benefits of certain joint ventures, including any ability for such ventures to create and/or distribute new investment products;
- our ability to satisfy and manage our capital requirements;
- our expected hold period for our assets and the impact of any changes in our expectations on the carrying value of such assets;
- the general volatility of the securities markets in which we participate;
- stability of the capital structure of our wellness infrastructure and hospitality portfolios;
- changes in interest rates and the market value of our assets;
- interest rate mismatches between our assets and any borrowings used to fund such assets;
- effects of hedging instruments on our assets;
- the impact of economic conditions on third parties on which we rely;
- any litigation and contractual claims against us and our affiliates, including potential settlement and litigation of such claims;
- our levels of leverage;
- adverse domestic or international economic conditions, including those resulting from the COVID-19 pandemic, and the impact on the commercial real estate or real-estate related sectors;
- the impact of legislative, regulatory and competitive changes;
- actions, initiatives and policies of the U.S. and non-U.S. governments and changes to U.S. or non-U.S. government policies and the execution and impact of these actions, initiatives and policies, including regulations permitting or requiring forbearance of rent obligations and inhibiting the ability to pursue evictions and obtain late fees from non-paying tenants;
- whether we will maintain our qualification as a real estate investment trust for U.S. federal income tax purposes and our ability to do so;
- our ability to maintain our exemption from registration as an investment company under the Investment Company Act of 1940, as amended (the “1940 Act”);
- changes in our board of directors or management team, and availability of qualified personnel;
- our ability to make or maintain distributions to our stockholders; and
- our understanding of our competition.

While forward-looking statements reflect our good faith beliefs, assumptions and expectations, they are not guarantees of future performance. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Moreover, because we operate in a very competitive and rapidly changing environment, new risk factors are likely to emerge from time to time. We caution investors not to place undue reliance on these forward-looking statements and urge you to carefully review the disclosures we make concerning risks in Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report. Readers of this Annual Report should also read our other periodic filings made with the Securities and Exchange Commission and other publicly filed documents for further discussion regarding such factors.

RISK FACTOR SUMMARY

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, liquidity, results of operations and prospects. These risks are discussed more fully in Item 1A. Risk Factors. These risks include, but are not limited to, the following:

Risks Related to Our Business Strategy

- Our ability to effectuate our digital transformation, including by monetizing legacy assets and simplifying our business operations.
- We may not successfully implement our diversified investment strategy or ultimately realize any of the anticipated benefits of diversification.
- Our business vision is to be a leading owner, operator and investment manager of digital infrastructure and real estate, which may adversely impact our stock price and our intent to maintain our REIT qualification.
- Pandemics or disease outbreaks, such as the current novel coronavirus (COVID-19) pandemic, have and the COVID-19 pandemic is expected to continue to, significantly disrupt, and may materially adversely impact, our business, financial condition and ability to execute on our business objectives.

Risks Related to Our Digital Business

- We require capital in order to continue to operate and grow our business, and the failure to obtain such capital, either through the public or private markets or other third party sources of capital, would have a material adverse effect on our business, financial condition, results of operations and ability to maintain our distributions to our stockholders.
- Adverse changes in general economic and political conditions could adversely impact our business, financial condition and results of operations.
- The digital infrastructure and real estate industry is highly competitive and such competition may materially and adversely affect our performance and ability to execute our strategy.
- The investment management business is intensely competitive.
- Poor performance of our current and future managed investment vehicles could cause a decline in our revenue, income and cash flow.
- Investors in our current or future managed investment vehicles may negotiate less favorable terms to us than those of investment vehicles we currently manage, which could have a material adverse effect on our business, results of operations and financial condition.
- The organization and management of our current and future investment vehicles may create conflicts of interest.
- We may not realize the anticipated benefits of the Wafra strategic partnership.
- Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could harm our business reputation and could adversely affect our earnings and financial condition.
- We do not directly control the operations of certain of our digital real estate assets and are therefore dependent on portfolio company management teams to successfully operate their businesses.
- The performance of our digital assets depends upon the demand for such assets.
- The infrastructure of the data centers that we own or expect to own may become obsolete, which could materially and adversely impact our revenue and operations.
- Digital infrastructure and real estate investments are subject to substantial government regulation.

Risks Related to our Organizational Structure and Business Operations

- There may be conflicts of interest between us and our Chief Executive Officer and certain other senior DBH employees that could result in decisions that are not in the best interests of our stockholders.

- The occurrence of a security breach or a deficiency in our cybersecurity has the potential to disrupt our operations, cause material harm to our financial condition, result in misappropriation of assets, compromise confidential information and/or damage our business relationships.

Risks Related to Financing

- We may not be able to generate sufficient cash flow to meet all of our existing or potential future debt service obligations.
- Changes in the debt financing markets could negatively impact our ability to obtain attractive financing or re-financing for our investments and could increase the cost of such financing if it is obtained, which could lead to lower-yielding investments and potentially decrease our net income.

Risks Related to Ownership of Our Securities

- The market price of our class A common stock has been and may continue to be volatile and holders of our class A common stock could lose all or a significant portion of their investment due to drops in the market price of our class A common stock.
- We may issue additional equity securities, which may dilute your interest in us.
- The stock ownership limits imposed by the Code for REITs and our Charter may restrict our business combination opportunities.

Risks Related to Our Wellness Infrastructure Business

- We have significant leverage on our healthcare properties, which increases the risk of loss associated with our healthcare investments, impacts our liquidity and restricts our ability to engage in certain activities.
- We are directly exposed to operational risks at certain of our healthcare properties, which could adversely affect our revenue and operations.
- Failure to comply with certain healthcare laws and regulations could adversely affect our operations, expose us to liability and jeopardize our tenants/operators' abilities to meet their obligations to us.

Risks Related to Our Hospitality Business

- We are subject to risks associated with our ongoing need for renovations and capital improvements at our hotel properties as well as financing these expenditures.
- We have significant leverage on our hotel properties, which increases the risk of loss associated with our hotel investments, impacts our liquidity and restricts our ability to engage in certain activities.
- There can be no assurance that the pending disposition of our hospitality business will be completed on the terms contemplated or at all or that we will be able to realize the anticipated benefits of such sale transaction.

Risks Related to Our Legacy Investment Management Business

- Certain of our management agreements with investment vehicles that are publicly-registered companies with the SEC are subject to limitation or termination, and any such termination could have a material adverse effect on our business, results of operations and financial condition.
- Our ownership of approximately 36% of CLNC, on a fully diluted basis, subjects us to various risks, any of which could have a material adverse effect on our business and results of operations.

Risks Related to Our Other Equity and Debt Business

- Our commercial real estate equity, debt and mortgage loans underlying our commercial real estate securities investments are subject to the risks typically associated with commercial real estate ("CRE").

Regulatory Risks

- Extensive regulation in the United States and abroad affects our activities, increases the cost of doing business and creates the potential for significant liabilities and that could adversely affect our business and results of operations.

Risks Related to Taxation

- The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

PART I

Item 1. Business.

In this Annual Report, unless specifically stated otherwise or the context indicates otherwise, the terms " the "Company," "we," "our" and "us" refer to Colony Capital, Inc. and its consolidated subsidiaries. References to the "Operating Partnership," our "Operating Company" and the "OP" refer to Colony Capital Operating Company, LLC, a Delaware limited liability company and the operating company of the Company, and its consolidated subsidiaries.

Overview

We are a leading global investment firm with a focus on identifying and capitalizing on key secular trends in digital real estate. We are headquartered in Boca Raton, Florida, with key offices in Los Angeles, New York and London, and have approximately 350 employees in 14 locations across 9 countries.

We have elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes. We conduct our operations as a REIT, and generally are not subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our taxable income to stockholders and maintain qualification as a REIT, although we are subject to U.S. federal income tax on income earned through our taxable subsidiaries. We also operate our business in a manner that will permit us to maintain our exemption from registration as an investment company under the 1940 Act.

We conduct substantially all of our activities and hold substantially all of our assets and liabilities through our Operating Company. At December 31, 2020, we owned 90% of the Operating Company, as its sole managing member.

Our Business

Our vision is to establish the Company as a leading owner, operator and investment manager of digital infrastructure and real estate. We are currently the only global REIT that owns, manages, and/or operates across all major infrastructure components of the digital ecosystem including data centers, cell towers, fiber networks and small cells.

To execute this vision, the Company combined with Digital Bridge Holdings, LLC ("DBH"), an investment manager dedicated to digital real estate and infrastructure, in July 2019. As a result, the Company manages $29 billion of digital assets under management ("AUM") and $13 billion of digital fee earning equity under management ("FEEUM") across separately capitalized and managed portfolio companies and the Digital Colony Partners flagship funds (DCP I and DCP II), along with related co-investment accounts. Marc C. Ganzi, who co-founded DBH, became the Chief Executive Officer ("CEO") and President of the Company effective July 1, 2020. In connection with Mr. Ganzi's appointment as the Company's CEO and President, the Board of Directors of the Company (the "Board") appointed Mr. Ganzi to the Board, also effective as of July 1, 2020. Due to his multi-decade experience in building and acquiring digital companies and managing institutional capital, Mr. Ganzi is highly equipped to lead the Company's strategic repositioning in becoming the leading platform for digital infrastructure and real estate. Further, the combination with DBH brings its world-class team of investment professionals and management of the DBH portfolio of high performing assets under the combined Digital Colony franchise. Thomas J. Barrack, Jr., who, prior to July 1, 2020, served as the Company's CEO and President, continues to serve in his role as Executive Chairman of the Company and the Board. In addition, Jacky Wu was appointed as the Company's Chief Financial Officer, effective July 1, 2020.

At December 31, 2020, the Company has $42 billion of total AUM and $20 billion of total FEEUM, managed on behalf of third party investors.

The Company conducts its business through five reportable segments as follows:

- *Digital Investment Management ("Digital IM")*—This business encompasses the investment and stewardship of third party capital in digital infrastructure and real estate. The Company's flagship opportunistic strategy is conducted through DCP and separately capitalized vehicles while other strategies, including digital credit and public equities, will be or are conducted through other investment vehicles. The Company earns management fees, generally based on the amount of assets or capital managed in investment vehicles, and have the potential to earn carried interest based on the performance of such investment vehicles subject to achievement of minimum return hurdles.
- *Digital Operating*—This business is composed of balance sheet equity interests in digital infrastructure and real estate operating companies, which generally earn rental income from providing use of space and/or capacity in or on digital assets through leases, services and other agreements. The Company currently owns interests in two companies: DataBank, an edge colocation data center business that acquired zColo's edge business in

December 2020; and Vantage SDC. Both DataBank and Vantage are also portfolio companies, managed under Digital IM for the equity interests owned by third party capital.

- *Digital Other*—This segment is composed of equity interests in digital investment vehicles, the largest of which is the Company's investment and commitment to the DCP flagship funds. This segment also includes the Company's investment and commitment to the digital liquid strategies and seed investments for future digital investment vehicles.
- *Wellness Infrastructure (previously referred to as Healthcare)*—This segment is composed of a diverse portfolio of senior housing, skilled nursing facilities, medical office buildings, and hospitals. The Company earns rental income from senior housing, skilled nursing facilities and hospital assets that are under net leases to single tenants/operators and from medical office buildings which are both single tenant and multi-tenant. In addition, certain of the Company's senior housing properties are managed by operators under a RIDEA (REIT Investment Diversification and Empowerment Act) structure, which allows the Company to gain financial exposure to underlying operations of the facility in a tax efficient manner versus receiving contractual rent under a net lease arrangement.
- *Other*—This segment is composed of other equity and debt investments ("OED") and non-digital investment management business ("Other IM"). OED encompasses a diversified group of non-digital real estate and real estate-related equity and debt investments, including investments for which the Company acts as a general partner and/or manager ("GP co-investments") and receives various forms of investment management economics on related third-party capital on such investments, which includes our investment in a publicly traded REIT, Colony Credit Real Estate, Inc. (NYSE: CLNC), among other holdings. The Company has monetized a substantial portion of its OED portfolio and will continue to monetize the remainder as it completes its digital evolution. Other IM, which is separate from Digital IM, encompasses the Company's management of private real estate credit funds and related co-investment vehicles, CLNC, and a public non-traded healthcare REIT, NorthStar Healthcare, Inc ("NorthStar Healthcare"). Many of the investments underlying these vehicles are co-owned by the Company's balance sheet and categorized under OED. The Company earns management fees, generally based on the amount of assets or capital managed, and contractual incentive fees or potential carried interest based on the performance of the investment vehicles managed subject to achievement of minimum return hurdles.

Acceleration of Digital Transformation and COVID-19 Considerations

The world continues to face significant healthcare and economic challenges arising from the coronavirus disease 2019, or COVID-19, global pandemic. Efforts to address the pandemic, such as social distancing, closures or reduced capacity of retail and service outlets, hotels, factories and public venues, often mandated by governments, continue to have a significant impact on the global economy and financial markets across major industries, including many sectors of real estate. In particular, the Company and its investees' real estate investments in the hospitality, wellness infrastructure and retail sectors have experienced a myriad of challenges, including, but not limited to: significant declines in operating cash flows at the Company's hotel and wellness infrastructure properties, which in turn, affected the ability to meet debt service and covenant requirements on investment-level debt (non-recourse to the Company) and ability to refinance or extend upcoming maturities; flexible lease payment terms sought by tenants; incremental property operating costs such as labor and supplies in response to COVID-19; payment defaults on the Company's loans receivable; and a distressed market affecting real estate values in general. Such adverse impact may continue well beyond the containment of the COVID-19 pandemic. Furthermore, the COVID-19 crisis may also lead to heightened risk of litigation at the investment and corporate level, with an ensuing increase in litigation and related costs.

The sharp decline and volatility in equity and debt markets, and the economic recession due to COVID-19 have adversely affected the valuation of certain of the Company's financial assets carried at fair value, such as loans receivable, and also resulted in impairment of certain non-financial assets, in particular, non-digital real estate and equity method investments.

Additionally, the COVID-19 crisis has reinforced the critical role and the resilience of the digital real estate and infrastructure sector in a global economy that is increasingly reliant on digital infrastructure. Accordingly, in the second quarter of 2020, the Company determined to accelerate its shift to a digitally-focused strategy in order to better position the Company for growth. This digital transformation requires a rotation of the Company's non-digital assets into digital-focused investments. As a result, the Company shortened its assumptions of hold periods on its non-digital assets, in particular its hotel and wellness infrastructure assets, which significantly reduced the undiscounted future net cash flows to be generated by these assets below their carrying values at June 30, 2020. The shortfall in estimated future net cash flows from these assets was further exacerbated by the negative effects of COVID-19 on property operations and market values, as noted above. As a result, significant impairment was recognized in the second quarter of 2020 on the

Company's hotel and wellness infrastructure assets. In the third quarter of 2020, as the Company expects to exit its hospitality business through a sale of its hotel assets (as discussed further below), additional write-downs were recorded to align the hotel carrying values to the agreed upon selling price. The acceleration of the Company's digital transformation and the overall reduction in value of the Company's non-digital balance sheet also caused a shortfall in the fair value of the Company's other investment management reporting unit over its carrying value, resulting in significant impairment to the other investment management goodwill in the second quarter of 2020.

The various impairment and fair value decreases as a result of the acceleration of the Company's digital transformation collectively accounted for $3.2 billion of charges in 2020, of which $2.5 billion was attributable to the OP. These amounts are reflected within impairment loss, other loss, equity method losses and within impairment loss in discontinued operations on the statement of operations, as discussed further in Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report.

The Company believes that it has materially addressed overall recoverability in value in its financial statements across all of its non-digital assets as of December 31, 2020, applying the Company's best estimates and assumptions at this time based upon external factors known to date and the Company's expected digital transformation timeline. If the extent and duration of the economic effects of COVID-19 negatively affect the Company's financial condition and results of operations beyond the Company's current projections, the estimates and assumptions currently applied by the Company may change, which may lead to further impairment and fair value decreases in its non-digital assets that could be material in the future.

In light of the Company's strategy to accelerate its digital transformation, the Company will continue to evaluate whether it will maintain REIT status for 2021 or future years.

Exit of the Hospitality Business

In September 2020, the Company entered into a definitive agreement with a third party to sell five of the six hotel portfolios in its Hospitality segment and its 55.6% interest in a portfolio of limited service hotels that were acquired through a consensual foreclosure in July 2017 (the "THL Hotel Portfolio"), in the Other segment, composed of 197 hotel properties in aggregate. The remaining portfolio in the Hospitality segment is in receivership and the remaining interests in the THL Hotel Portfolio will continue to be held by investment vehicles managed by the Company. Two of the hotel portfolios that are being sold in the Hospitality segment are held through joint ventures in which the Company holds a 90% and a 97.5% interest, respectively. The aggregate gross proceeds of $67.5 million, subject to certain adjustments as provided in the sale agreement, as amended, represents a transaction value of approximately $2.8 billion, with the acquirer's assumption of $2.7 billion of investment-level debt. Consummation of the sale is subject to customary closing conditions, including but not limited to, acquirer’s assumption of the outstanding mortgage notes encumbering the hotel properties and third party approvals. In October 2020 and February 2021, the parties amended the sale agreement to address certain payments made or that may be made by the Company to lenders or otherwise in connection with the hospitality portfolios, and, subject to the satisfaction of certain conditions, to provide the Company with a purchase price credit for a portion of such funded amounts. The sale is expected to close in the first half of 2021. There can be no assurance that the sale will close in the timeframe contemplated or on the terms anticipated, if at all.

The Company’s pending exit from the hospitality business represents a key milestone in its digital transformation. Accordingly, the sale of these hotel portfolios is a strategic shift that will have a significant effect on the Company’s operations and financial results, and has met the criteria as held for sale and discontinued operations. For all current and prior periods presented, the related assets and liabilities are presented as assets and liabilities held for disposition on the consolidated balance sheets and the related operating results are presented as loss from discontinued operations on the consolidated statements of operations (refer to Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report).

Investment Strategy

We plan to invest in digital infrastructure and real estate assets in which we have a competitive advantage with our experience and track record in this sector, and which possess a durable cash flow profile with compelling secular growth characteristics driven by key themes such as 5G, artificial intelligence and cloud-based applications. We believe our deep understanding of commercial real estate and digital infrastructure, together with our extensive experience running mission-critical network infrastructure for some of the world's largest and most-profitable companies, will provide us with a significant advantage in identifying and executing on attractive opportunities through various economic cycles.

We believe we can achieve our business objective of delivering attractive risk-adjusted returns through our rigorous underwriting and asset management processes, which benefit from our deep operational and investment experience in commercial real estate and digital infrastructure, having invested in and run digital infrastructures businesses through multiple economic cycles. These processes allow us to implement a flexible yet disciplined investment strategy for our balance sheet and for the companies and funds we manage on behalf of third parties. Core strengths and principles of our investment strategy include:

- *People*—Established operators, investors and thought leaders with over two decades of experience in towers, data centers, fiber and small cells
- *Best-in-class assets*—Own mission-critical and hard-to-replicate network infrastructure supporting many of the largest and most-profitable companies in the world and typically with very high renewal rates and pricing; Digital Colony has already successfully constructed a portfolio of best-in-class assets within its investment management business across all components of the digital ecosystem to drive significant synergies
- Disciplined framework
  - *Four corners of asset selection*—(i) market dynamics, with a focus on stable markets with catalysts for near-term digital infrastructure investment and downside protection for asset owners, (ii) asset quality, with a focus on unique, hard-to-replicate assets and assets that provide mission critical services to customers with high switching costs, (iii) contract quality, with a focus on long-term contracts with investment grade customers and build in maximum flexibility to add additional tenants, and (iv) management or platform potential, with an emphasis on buy and build strategies with initial investments used as a platform to drive growth organically and through acquisitions
  - *Alpha creation*—Drive outperformance through human capital decisions, direct operating experience, proprietary back-office systems, differentiated merger and acquisitions program and dynamic balance sheet management
- *Operational excellence*—Emphasis on strong organic leasing growth, extensive greenfield development expertise, and the highest environmental, social and governance ("ESG") standards
- *Proprietary deal flow*—Focus on compelling proprietary investment opportunities in brownfield, greenfield and new white sheet business plans and carveouts that avoid competitive auctions, facilitating lower entry multiples
- *Products*—Provide flexible and creative solutions across the capital structure to digital real estate and infrastructure companies around the world
- *Prudent leverage*—Structuring transactions with the appropriate amount of leverage, if any, based on the risk, duration and structure of cash flows of the underlying asset

Our investment strategy is dynamic and flexible, which enables us to adapt to shifts in economic, real estate and capital market conditions and to exploit inefficiencies around the world. Consistent with this strategy, in order to capitalize on the investment opportunities that may be present in various points of an economic cycle, we may expand or change our investment strategy or target assets over time as appropriate.

Financing Strategy

Our financing strategy in general is to favor investment-specific financing principally on a non-recourse basis including securitizations, and then corporate financing, which is generally recourse to the Company or the Company's assets. We seek to match terms and currencies, as available and applicable, and the amount of leverage we use is based on our assessment of a variety of factors, including, among others, the anticipated liquidity and price volatility of the assets in our investment portfolio, the potential for losses and extension risk in our portfolio, the ability to raise additional equity to reduce leverage and create liquidity for future investments, the availability of credit at favorable prices or at all, the credit quality of our assets, our outlook for borrowing costs relative to the income earned on our assets and financial covenants within our credit facilities.

Our decision to use leverage to finance our assets is at our discretion and not subject to the approval of our stockholders. To the extent that we use leverage in the future, we may mitigate interest rate risk through utilization of hedging instruments, primarily interest rate swap and cap agreements, to serve as a hedge against future interest rate increases on our borrowings. Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for discussion of our liquidity needs and sources of liquidity.

Risk Management

Risk management is a significant component of our strategy to deliver consistent risk-adjusted returns to our stockholders. The audit committee of our board of directors, in consultation with our chief risk officer, internal auditor and management, maintains oversight of risk management matters, and periodically reviews our policies with respect to risk assessment and risk management, including key risks to which we are subject, including credit risk, liquidity risk, financing risk, foreign currency risk and market risk, and the steps that management has taken to monitor and control such risks.

Underwriting and Investment Process

In connection with executing any new investment in digital assets for our balance sheet or a managed investment vehicle, our underwriting team undertakes a comprehensive due diligence process to ensure that we understand all of the material risks involved with making such investment, in addition to related accounting, legal, financial and business issues. If the risks can be sufficiently mitigated in relation to the potential return, we will pursue the investment on behalf of our balance sheet and/or investment vehicles, subject to approval from the applicable investment committee, composed of senior executives of the Company.

Specifically, as part of our underwriting process, we evaluate and review the following data, including, but not limited to: financial data including historical and budgeted financial statements, tenant or customer quality, lease terms and structure, renewal probability, capital expenditure plans, sales pipeline, technical/energy requirements and supply, local and macroeconomic market conditions, ESG, leverage and comparable transactions, as applicable. For debt investments, we also analyze metrics such as loan-to-collateral value ratios, debt service coverage ratios, debt yields, sponsor credit ratings and performance history.

In addition to evaluating the merits of any particular proposed investment, we evaluate the diversification of our or a particular managed investment vehicle's portfolio of assets, as the case may be. Prior to making a final investment decision, we determine whether a target asset will cause the portfolio of assets to be too heavily concentrated with, or cause too much risk exposure to, any one digital real estate sector, geographic region, source of cash flow such as tenants or borrowers, or other geopolitical issues. If we determine that a proposed investment presents excessive concentration risk, we may decide not to pursue an otherwise attractive investment.

Allocation Procedures

We currently manage, and may in the future manage, private funds, REITs and other entities that have investment and/or rate of return objectives similar to our own or to other investment vehicles that we manage. In order to address the risk of potential conflicts of interest among us and our managed investment vehicles, we have implemented an investment allocation policy consistent with our duty as a registered investment adviser to treat our managed investment vehicles fairly and equitably over time. Pursuant to this policy, and subject to certain priority rights in our DCP funds, investment allocation decisions are based on a suitability assessment involving a review of numerous factors, including the particular source of capital's investment objectives, available cash, diversification/concentration, leverage policy, the size of the investment, tax, anticipated pipeline of suitable investments and fund life.

Portfolio Management

The comprehensive portfolio management process generally includes day-to-day oversight by the Company's portfolio management team, regular management meetings and quarterly asset review process. These processes are designed to enable management to evaluate and proactively identify investment-specific issues and trends on a portfolio-wide basis for both assets on our balance sheet and assets of the companies within our investment management business. Nevertheless, we cannot be certain that such review will identify all issues within our portfolio due to, among other things, adverse economic conditions or events adversely affecting specific assets; therefore, potential future losses may also stem from investments that are not identified during these reviews.

We use many methods to actively manage our risk to preserve our income and capital, including, but not limited to, maintaining dialogue with tenants, operators, partners and/or borrowers and performing regular inspections of our collateral and owned properties. With respect to our wellness infrastructure properties, we consider the impact of regulatory changes on operator performance and property values. During a quarterly review, or more frequently as necessary, investments are monitored and identified for possible asset impairment or loan loss reserves, as applicable, based upon several factors, including missed or late contractual payments, significant declines in property operating performance and other data which may indicate a potential issue in our ability to recover our invested capital from an investment. In addition, we may utilize services of certain strategic partnerships and joint ventures with third parties with relevant expertise to assist our portfolio management.

In order to maintain our qualification as a REIT for U.S. federal income tax purposes and our exemption from registration under the 1940 Act, and maximize returns and manage portfolio risk, we may dispose of an asset earlier than anticipated or hold an asset longer than anticipated if we determine it to be appropriate depending upon prevailing market conditions or factors regarding a particular asset. We can provide no assurances, however, that we will be successful in identifying or managing all of the risks associated with acquiring, holding or disposing of a particular asset or that we will not realize losses on certain assets.

Interest Rate and Foreign Currency Hedging

Subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exemption from registration under the 1940 Act, we may mitigate the risk of interest rate volatility through the use of hedging instruments, such as interest rate swap agreements and interest rate cap agreements. The goal of our interest rate management strategy is to minimize or eliminate the effects of interest rate changes on the value of our assets, to improve risk-adjusted returns and, where possible, to lock in, on a long-term basis, a favorable spread between the yield on our assets and the cost of financing such assets. In addition, because we are exposed to foreign currency exchange rate fluctuations, we employ foreign currency risk management strategies, including the use of, among others, currency hedges, and matched currency financing. We can provide no assurances, however, that our efforts to manage interest rate and foreign currency exchange rate volatility will successfully mitigate the risks of such volatility on our portfolio.

Competition

As an investment manager with significant balance sheet investments, we primarily compete for capital from outside investors and in our pursuit and execution of attractive investments on behalf of our balance sheet and investment funds.

The ability to source capital from outside investors will depend on our reputation, investment track record, pricing and terms for the management of capital, and market environment for capital raising, among other factors. We compete with other investment managers focused on or active in digital real estate and infrastructure including other private equity sponsors, credit and hedge fund sponsors and REITs, who may have greater financial resources, longer track records, more established relationships and more attractive fund terms, including fees.

The ability to transact on attractive investments will depend on execution reputation, capital availability, tolerance for risk, cost of capital, number of potential buyers and pricing, among other factors. We face competition from a variety of institutional investors, including other REITs, investment managers of private equity, infrastructure, credit, hedge and other funds, specialty finance companies, commercial and investment banks, commercial finance and insurance companies, and other financial institutions. Some of these competitors may have greater financial resources, access to lower cost of capital and access to funding sources that may not be available to the Company. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, or pay higher prices, than we can. Furthermore, some of our competitors are not subject to the operating constraints associated with REIT compliance or maintenance of an exemption from the 1940 Act.

Also, competition in the markets in which our properties operate from existing or newly renovated properties could adversely affect the operating performance of our properties, and thus our financial results. Competition may also require us to make capital improvements or incur additional costs that we otherwise might not choose to make, which may adversely affect the profitability of our properties.

We also face competition in the recruitment and retention of qualified and skilled personnel. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

An increase in competition across the various components of our business may limit our ability to generate attractive risk-adjusted returns for our stockholders, thereby adversely affecting the market price of our common stock.

Seasonality

Other than the operations of our hotel business which is currently pending disposition, we generally do not experience any pronounced seasonality in our business.

Regulations

REIT Qualification

We have elected to be taxed as a REIT for U.S. federal income tax purposes. So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax at the REIT-level on our REIT taxable income that we distribute currently to our stockholders. Our qualification as a REIT depends upon our ability to meet, on a continuing basis, various complex requirements under the Internal Revenue Code of 1986, as amended (the "Code"), relating to, among other things, the sources of our gross income and the composition and values of our assets (which, based on the types of assets we own, can fluctuate rapidly, significantly and unpredictably), our distribution levels and the diversity of ownership of our shares. In addition, we hold certain of our assets through taxable REIT subsidiaries (each a "TRS"), which are subject to U.S. federal and applicable state and local income taxes (and any applicable non-U.S. taxes) at regular corporate rates. Due to the nature of the assets in which we invest and our investment management business, our TRSs may have a material amount of assets and net taxable income. In light of the Company's strategy to accelerate its digital transformation, the Company will continue to evaluate whether it will maintain REIT status for 2021 or future years.

Investment Company Act of 1940

We conduct our operations so that we and our subsidiaries are not required to register as an investment company under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged in, or proposes to engage in, the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer’s total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis. Excluded from the definition of investment securities under the 1940 Act, among other things, are U.S. Government securities and securities issued by majority owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, which relate to “private” investment companies.

We hold ourselves out as a real estate investment management firm. We do not propose to engage primarily in the business of investing, reinvesting or trading in securities. We are organized as a holding company that conducts its businesses primarily through wholly owned or majority owned subsidiaries. We are primarily engaged in owning and leasing real estate assets and managing investments for other entities that own real estate assets. The assets of certain of our subsidiaries may be deemed to consist primarily of investment securities, but we believe that many of these subsidiaries will qualify for an exception from the definition of investment company under Section 3(c)(5)(C) or Section 3(c)(6) of the 1940 Act. Section 3(c)(5)(C) provides an exception for entities “primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” Section 3(c)(6) provides an exception for entities that are primarily engaged, directly or through majority owned subsidiaries, in, among other things, the business of purchasing mortgages or other real estate interests. We intend to monitor our holdings to ensure ongoing compliance with the 40% test referred to above. In addition, we believe we are not an investment company under Section 3(a)(1)(A) of the 1940 Act because we do not and will not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. Rather, through our wholly owned and majority owned subsidiaries, we are primarily engaged in the non-investment company businesses of these subsidiaries. Continuing qualification for exemption from registration under the 1940 Act will limit our ability to make certain investments.

If we or our subsidiaries fail to maintain an exception or exemption from the 1940 Act, we may be required to, among other things: (i) substantially change the manner in which we conduct our operations to avoid being required to register as an investment company under the 1940 Act; or (ii) register as an investment company under the 1940 Act. Either of (i) or (ii) could have an adverse effect on us and the market price of our securities. If we were required to register as an investment company under the 1940 Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the 1940 Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters.

Regulation under the Investment Advisers Act of 1940

We have subsidiaries that are registered with the Securities and Exchange Commission (the "SEC") as investment advisers under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"). As a result, we are subject to the anti-fraud provisions of the Investment Advisers Act and to applicable fiduciary duties derived from these provisions that apply to our relationships with the investment vehicles that we manage. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our investors and our investments, including, for example, restrictions on agency, cross and principal transactions. We, or our registered investment adviser subsidiaries, will be subject to periodic SEC examinations and other requirements under the Investment Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate, among other things, to maintaining an effective and comprehensive compliance program, recordkeeping and reporting requirements and disclosure requirements. The Investment Advisers Act generally grants the SEC broad administrative powers, including the power to limit or restrict an investment adviser from conducting advisory activities in the event it fails to comply with federal securities laws. Additional sanctions that may be imposed for failure to comply with applicable requirements include the prohibition of individuals from associating with an investment adviser, the revocation of registrations and other censures and fines.

U.S. Healthcare Regulation—Overview

Assisted living, memory care, independent living, hospitals, skilled nursing facilities and other healthcare providers that operate healthcare properties in our portfolio are subject to extensive federal, state and local laws, regulations and industry standards governing their operations. Failure to comply with any of these, and other laws, could result in loss of licensure; loss of certification or accreditation; denial of reimbursement; imposition of civil and/or criminal penalties and fines; suspension or exclusion from federal and state healthcare programs; or closure of the facility. Although the properties within our portfolio may be subject to varying levels of governmental scrutiny, we expect that the healthcare industry, in general, will continue to face increased regulation and pressure in the areas of fraud and abuse and privacy and security, among others. We also expect that efforts by third-party payors, such as the federal Medicare program, state Medicaid programs and private insurers, to impose greater and more stringent cost controls upon operators will intensify and continue. Changes in laws, regulations, reimbursement, and enforcement activity can all have a significant effect on the operations and financial condition of our tenants, operators and managers, which in turn may adversely impact us, as set forth below and under "Item 1A. Risk Factors” in this Annual Report.

Healthcare Fraud and Abuse Enforcement

Healthcare providers are subject to federal and state laws and regulations that govern their operations and, in some cases, arrangements with referral sources. These laws include those that require providers to furnish only medically necessary services and submit to third-party payors valid and accurate statements for each service, as well as kickback laws, self-referral laws and false claims acts. In particular, enforcement of the federal False Claims Act has resulted in increased enforcement activity for healthcare providers and can involve significant monetary damages and awards to private plaintiffs who successfully bring “whistleblower” lawsuits. Sanctions for violations of these laws, regulations, and other applicable guidance may include, but are not limited to, loss of licensure, loss of certification or accreditation, denial of reimbursement, imposition of civil and/or criminal penalties and fines, suspension or exclusion from federal and state healthcare programs or closure of the facility; any of which could have a material adverse effect on the operations and financial condition of our tenants, operators and managers, which in turn may adversely impact us.

Healthcare Reform

The Patient Protection and Affordable Care Act of 2010, or ACA, impacted the healthcare marketplace by decreasing the number of uninsured individuals in the United States through the establishment of health insurance exchanges to facilitate the purchase of health insurance, expanded Medicaid eligibility, subsidized insurance premiums and included requirements and incentives for businesses to provide healthcare benefits. The ACA remains subject to continuing legislative, administrative and judicial challenge and scrutiny, and could be amended, modified or invalidated in whole or in part at any time.

The US Department of Health and Human Services and its agency that oversees much of the ACA, the Centers for Medicare and Medicaid Services (CMS) have substantially revised a number of ACA-related regulations, which have altered financial support for health plans, enrollment operations and individuals seeking to purchase insurance. CMS also has allowed new insurance options offering less coverage to compete in the market. These changes and other market dynamics are associated with declining enrollment and increased numbers of uninsured and under-insured individuals in recent years. Further, CMS has approved waivers permitting states to alter state Medicaid programs by, among other things, requiring individuals to meet certain requirements, like work requirements, in order to maintain eligibility for Medicaid (although some of these waivers have subsequently been challenged in court). The new Administration may seek to revise many of these regulatory and subregulatory actions. In the meantime, these and other actions continue to impact the insurance markets and reduce the number of individuals purchasing insurance or qualifying for Medicaid and may negatively impact the operations and financial condition of our tenants, operators and managers, which in turn may adversely impact us. If the new Administration and Congress seek different policy directions, those changes could strengthen the ACA and positively impact enrollment experience, but these changes nonetheless could cause disruption in the marketplace, which could negatively impact the operations and financial condition of our tenants, operators, and managers, which in turn may adversely impact us.

In 2017, Congress enacted legislation eliminating the tax penalty for individuals who do not purchase insurance after it unsuccessfully sought to replace substantial parts of the ACA with different mechanisms for facilitating insurance coverage in the commercial and Medicaid markets. Based in part on this change, on December 14, 2018, a U.S. District

Court in Texas ruled the ACA unconstitutional in its entirety. The case is now pending before the US Supreme Court. Should lower court rulings be upheld in whole or in part, it could dramatically change U.S. healthcare regulation in numerous ways and may potentially spur congressional action, making the ultimate consequences of the ruling difficult to predict. Should the ruling be upheld and implemented, the immediate effects would include reduced access to health coverage through: (1) reduced Medicaid eligibility, (2) the disestablishment of health insurance exchanges and accompanying subsidized premiums, and (3) no requirement for businesses to provide health insurance. Amendments, including certain waivers to healthcare fraud and abuse laws made by the ACA would also be void, which could change the enforcement posture of federal regulators. Current healthcare reimbursement standards, including those discussed below, are predicated, in part, on changes made by the ACA and implementation of this ruling would create significant uncertainty regarding the legality of such standards and what standards are in effect absent the ACA. The effects of this ruling could adversely affect the operations and financial condition of our tenants and operators, which in turn may adversely impact us.

Healthcare Reimbursement

Federal, state and private payor reimbursement methodologies applied to healthcare providers are continuously evolving. Federal and state healthcare financing authorities are continuing to implement new or modified reimbursement methodologies that shift risk to healthcare providers and generally reduce payments for services, which may negatively impact healthcare property operations. Additionally, Congress and the new presidential administration could substantially change the health insurance industry and payment systems. The impact of any such changes, if implemented, may result in an adverse effect on our tenants, managers and operators, which in turn may adversely impact us.

Skilled nursing facilities and hospitals typically receive most of their revenues from the Medicare and Medicaid programs, with the balance representing reimbursement payments from private payors, including private insurers and self-pay patients. Senior housing facilities (assisted living, independent living and memory care facilities) typically receive most of their revenues from private pay sources and a small portion of their revenue from the Medicaid program. Providers that contract with government and private payors may be subject to periodic pre- and post-payment reviews and other audits. A review or audit of a property operator's claims could result in recoupments, denials or delay of payments in the future, each of which could have a significant negative financial impact on such property. In some instances, a property operator may be removed and barred from participating on one or more federal or state programs, which can have a debilitating impact on cash flow, revenue expectations and ultimately, viability. Any development that compromises the financial viability of a tenant negatively impacts us. Additionally, there can be no guarantee that a third-party payor will continue to reimburse for services at current levels or continue to be available to residents of our facilities. Rates generated at facilities will vary by payor mix, market conditions and resident acuity. Rates paid by self-pay residents are set by the facilities and are determined by local market conditions and operating costs.

- *Medicare Reimbursement*—Medicare is a significant payor source for our skilled nursing facilities and hospitals. Skilled nursing facilities and hospitals are reimbursed by Medicare under prospective payment systems; payment to a tenant under these Medicare payment systems varies based upon the type of facility, geographic location and service furnished, among other things. Under these payment systems, providers typically receive fixed fees for defined services, which create a risk that payments will not cover the costs of delivering care. In addition, CMS continues to focus on linking payment to performance relative to quality and other metrics, including performance of up- and downstream, unrelated providers, and bundling payments for multiple items and services in a way that shifts more financial risk to providers. These changes, and a facility's ability to conform to them, could reduce payments and patient volumes for some facilities, including our tenants and operators, which may in turn adversely impact us. Furthermore, while CMS has previously tested some of these new payment principles through optional "models," CMS could adopt rules making certain detrimental payment policies broadly applicable and mandatory. The new presidential administration could propose additional unanticipated changes to the amount and manner in which healthcare providers are paid, and these changes also could have a material adverse effect on payments and patient volumes for some facilities.
    - *Skilled Nursing Conditions for Participation*—On October 4, 2016, CMS published a final rule to make major changes to improve the care and safety of residents in long-term care facilities that participate in the Medicare and Medicaid programs. The policies in this final rule were targeted at reducing unnecessary hospital readmissions and infections, improving the quality of care, and strengthening safety measures for residents in these facilities. The regulations were effective on November 28, 2016, but CMS has been implementing the regulations using a phased approach, with Phase 1 of the regulations implemented on November 28, 2016 and Phase 2 of the regulations implemented on November 28, 2017. Phase 3 of the regulations were to be implemented on November 28, 2019, but CMS proposed substantial changes in July 2019. Those changes have not been finalized yet. In the meantime, Phase 3 has not been implemented. Failure of our tenants and

operators to comply with the new regulations could have an adverse impact the operations and financial condition of our tenants and operators, which in turn may adversely impact us.

  - *Skilled Nursing*—In August 2018, CMS adopted a revised methodology used to compensate skilled nursing facilities for therapy services, which changes the core basis of reimbursement from duration of services provided to reimbursement based on anticipated patient needs; these changes took effect on October 1, 2019. A tenant or operator of a skilled nursing facility's ability to conform to these changes could positively or negatively impact the facility's revenue, which in turn may adversely impact us.

- *Medicaid Reimbursement*—Medicaid is also a significant payor source for our skilled nursing facilities and hospitals. The federal and state governments share responsibility for financing Medicaid. Within certain federal guidelines, states have a fairly wide range of discretion to determine Medicaid eligibility and reimbursement methodology. In recent years, CMS embraced a more flexible approach to state amendments and waivers that allow states even more latitude to determine eligibility and reimbursement. Certain states are attempting to slow the rate of growth in Medicaid expenditures by freezing rates or restricting eligibility and benefits; some states have elected not to expand their Medicaid eligibility criteria pursuant to the ACA. Some states have pursued block grant arrangements with CMS, which cap overall federal financial participation, and incentivize the state to reduce Medicaid expenditures. Some states are transitioning their Medicaid programs to managed care models, which rely on networks of contracted providers to provide services at reduced negotiated rates to a higher volume of patients than they might see absent the contract. Such changes may reduce the volume of Medicaid patients at facilities that do not participate in the managed care plan's network. Facilities that do participate may not receive a sufficient increase in patient volume to offset their lowered reimbursement rates. States and the federal government are also examining ways to further align Medicaid reimbursement with quality metrics and other value-based payment models that might shift risk to or place additional compliance costs on facilities. The new Administration may seek to revisit some of these flexibilities and trends, which could further disrupt state Medicaid regimes and adversely affect providers. In some states, our tenants and operators could experience delayed or reduced payment for services furnished to Medicaid enrollees, which in turn may adversely impact us. Further, as noted above, ongoing litigation regarding the ACA and Medicaid waivers may also affect Medicaid coverage and reimbursement.

Healthcare Licensure, CON, Certification and Accreditation

Hospitals, skilled nursing facilities, senior housing facilities and other healthcare providers that operate healthcare properties in our portfolio may be subject to extensive state licensing and certificate of need, or CON, laws and regulations, which may restrict the ability of our tenants and operators to add new properties, expand an existing facility's size or services, or transfer responsibility for operating a particular facility to a new tenant, operator or manager. The failure of our tenants and operators to obtain, maintain or comply with any required license, CON or other certification, accreditation or regulatory approval (which could be required as a condition of third-party payor reimbursement) could result in loss of licensure, loss of certification or accreditation, denial of reimbursement, imposition of civil and/or criminal penalties and fines, suspension or exclusion from federal and state healthcare programs, or closure of the facility; any of which could have an adverse effect on the operations and financial condition of our tenants, operators and managers, which in turn may adversely impact us.

Health Information Privacy and Security

Healthcare providers, including those in our portfolio, are subject to numerous state and federal laws that protect the privacy and security of patient health information. The federal government, in particular, has significantly increased its enforcement of these laws. The failure of our tenants, operators and managers to maintain compliance with privacy and security laws could result in the imposition of penalties and fines, which in turn may adversely impact us.

For additional information regarding regulations applicable to the Company, refer to "Item 1A. Risk Factors."

Human Capital Resources

We believe that our people are our most important asset. We are focused on fostering a diverse workforce with different perspectives, experiences, and backgrounds to encourage innovative and creative ideas, and ultimately lead to our collective success.

Diversity and Inclusion

We have established a Diversity, Equity and Inclusion steering committee, which establishes and monitors progress on our diversity hiring and retention goals.

We recognize that a diverse investment team enhances our ability to source, evaluate and manage a differentiated set of investment opportunities within the digital infrastructure sector. We also support our portfolio company management teams, many of whom come from diverse backgrounds, to create and/or augment existing diversity and inclusion initiatives. We have created a four pillar program to facilitate the composition of a diverse workforce reflective of the constituencies and communities we serve, which focuses on the following:

Mentorships: We have partnered with Knowledge is Power Program (KIPP), an organization that reaches out to diverse candidates early in their careers to educate and mentor the next generation of talent. Through KIPP, our employee volunteers provide one-on-one mentorship to support these candidates through the college application process.

Internships: We have developed a 2021 internship program to help build a talent pipeline of diverse candidates for investment professional positions, committing to hiring at least 50% diverse candidates, including through organizations such as Seizing Every Opportunity (SEO), Toigo, and One Search Young Women in Finance (UK).

Recruiting/Hiring: A particular focus of the Company recently has been to improve the gender diversity of our investment team. In addition to recent female hires at senior positions within the digital investment management business, nearly 40% of all digital-focused hires at the associate level since our digital transformation commenced have been female.

Career Path/Rewards: We believe that cultivating diversity at more junior levels within our organization, coupled with ensuring our employees have opportunities to excel and grow in their careers at Colony, will strengthen our ability to foster diversity at more senior levels. Many of our professionals have been promoted from within and, as the diversity of our junior professionals continues to grow, we expect to see even greater diversity across the senior levels of the Company.

In addition, our dedication to fostering diversity and inclusion is also supported by our Company's board of directors, four out of its 11 members are female and/or people of color/minorities.

Compensation and Benefits Program

Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals and create long-term value for our stockholders. We provide employees with compensation packages that include base salary, annual incentive bonuses tied to specific performance goals, and, generally for all mid-level and above employees, long-term equity awards tied to time-based vesting conditions and the relative value of our stock price as compared to our peers. We believe that a compensation program with both short-term and long-term awards provides fair and competitive compensation and aligns employee and stockholder interests, including by incentivizing business and individual performance (pay for performance), motivating based on long-term company performance and integrating compensation with our business plans. We commission a customized compensation benchmark survey annually to ensure our compensation packages are competitive and in-market. In addition, we also offer employees benefits such as life and health (medical, dental and vision) insurance, paid time off, paid parental leave, charitable gift matching, student loan paydown program and a 401(k) plan.

Community Involvement

We aim to give back to the communities where we live, work and operate by participating in local, national and global causes, and believe that this commitment helps in our efforts to attract and retain employees. Our employees serve as the ambassadors of our social responsibility values, which they share through volunteering and charitable giving.

We also recognize that the sheer scope and reach of the technology and networks we own give us the power to touch lives around the world. We established a long-term partnership with Télécoms Sans Frontières (TSF), which provides new technologies for rapid response, capacity building, education, protection and assistance to bridge the digital divide across isolated communities.

At December 31, 2020, we had approximately 350 employees, of which approximately 80% were in the U.S. with the remaining in our international locations. Other than our international employees, none of our U.S. employees are represented by a labor union or covered by a collective bargaining agreement. As we continue to execute on our accelerated digital transformation, we expect our hiring efforts to be focused on our digital business.

Available Information

Our website address is www.clny.com. Information contained on our website is not incorporated by reference into this Annual Report and such information does not constitute part of this report and any other report or documents the Company files with or furnishes to the SEC.

Our annual reports on Form 10-K (including this Annual Report), quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and any amendments thereof are available on our website under "Shareholders—SEC Filings," as soon as reasonably practicable after they are electronically filed with or furnished to the SEC, and may be viewed at the SEC's website at www.sec.gov. Copies are also available without charge from Colony Capital Investor Relations. Information regarding our corporate governance, including our corporate governance guidelines, code of ethics and charters of committees of the Board of Directors, are available on our website under "Shareholders—Corporate Governance," and any amendment to our corporate governance documents will be posted within the time period required by the rules of the SEC and the NYSE. In addition, corporate presentations are also made available on our website from time to time under "Shareholders—Events & Presentations."

Colony Capital Investor Relations can be contacted by mail at: Colony Capital, Inc, 590 Madison Avenue, 34th Floor, New York, NY 10022, Attn: Investor Relations; or by telephone: (561) 570-4644, or by email: ir@clny.com.

Item 1A. Risk Factors.

The following risk factors and other information included in this Annual Report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us that we currently deem immaterial or that generally apply to all businesses also may adversely impact our business. If any of the following risks occur, our business, financial condition, operating results, cash flow and liquidity could be materially adversely affected.

Risks Related to Our Business Strategy

Our success depends on our ability to effectuate our digital transformation, including by monetizing legacy assets and simplifying our business operations.

In 2019, in connection with the acquisition of DBH, we announced our vision to establish the Company as a leading owner, operator and investment manager of digital infrastructure and real estate. In order to successfully execute on our digital transformation and achieve the anticipated benefits, we need to monetize our legacy assets to fund the growth in our digital business as well as to simplify our business operations. As of December 31, 2020, we had $11.9 billion in legacy assets, including $4.1 billion held for disposition, primarily related to the Company's pending exit of its hospitality business. If we are unable to consummate the pending hospitality exit transaction or otherwise monetize our legacy assets in the timeframe anticipated, our ability to grow our digital business and execute our digital transaction could be materially and adversely affected, which could in turn negatively impact the Company's stock price. There can be no assurance, however, regarding when or the extent to which we will be able to execute our digital transformation and realize any of the anticipated or other benefits we expect from the transformation, which may be difficult, unpredictable and subject to delays.

Our investment strategy includes owning and/or managing a wide array of asset classes within the digital infrastructure and real estate industry; however, we may not successfully implement this investment strategy or ultimately realize any of the anticipated benefits of diversification.

We plan to invest in multiple asset classes within digital infrastructure and real estate, including but not limited to, data centers, cell towers, fiber networks and small cells, throughout the United States and the world. Although there can be no assurance that we will achieve this objective, we intend to build our digital infrastructure and real estate portfolio based on key attributes including, but not limited to, (i) market dynamics, (ii) asset quality, with a focus on hard-to-replicate assets, (iii) contract quality, with consideration given to contract duration, tenant quality, and tenant growth opportunities, (iv) management or platform potential, including through organic growth or acquisitions and (v) levels of leverage, based on the risk, duration and structure of cash flows of the underlying asset. However, we may not successfully implement our investment strategy. Even if we do fully achieve our investment goals, it is possible our multi-asset portfolio will not perform as well as a portfolio that is concentrated in a particular type of digital assets.

There are no limitations on the number or value of particular types of investments that we may make. We currently have multiple business segments in a variety of asset classes and industries; however, we expect our portfolio over time to consist predominantly of digital infrastructure and real estate assets and investment management businesses consistent with our digital transformation. Even though our investment strategy involves investing in multiple asset classes within digital infrastructure and real estate, we are not required to meet any diversification standards, including geographic diversification standards. Therefore, our investments may become concentrated in type or geographic location. As of the date of this report, substantially all of the digital investments on the Company's balance sheet are data centers, primarily located in the United States. Our lack of diversification standards, along with our digital-focused investment strategy, could subject us to significant concentration risks with potentially adverse effects on our investment objectives.

Our business vision is to be a leading owner, operator and investment manager of digital infrastructure and real estate, which may adversely impact our stock price and our intent to maintain our REIT qualification.

Our business vision is to be a leading owner, operator and investment manager of digital infrastructure and real estate, which includes owning real estate assets on our balance sheet as well as operating an investment management platform. While we believe there are advantages to having both direct real estate investments and an investment management platform, these advantages may not be recognized by the investment community and, as a result, our stock price may be adversely affected. There are a very limited number of REITs pursuing an investment management growth strategy similar to our company, which may make it difficult for investors to value our overall business. If our company is perceived by investors as overly complex and difficult to analyze, our ability to raise capital and our stock price may be adversely impacted.

In addition, the pace of growth of our investment management business, coupled with the pace of our legacy asset monetizations, may ultimately conflict with our intent to maintain our REIT qualification for 2021. If we are unable to acquire sufficient qualifying REIT assets in 2021 to offset our anticipated legacy asset monetizations in 2021 and the growth in our investment management business, we may determine that it is not in our best interest to continue qualifying as a REIT, beginning in 2021. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and generally would no longer be required to distribute any of the Company's net taxable income to our stockholders. While the maximum U.S. federal income tax rate applicable to corporations currently is 21%, the Biden administration is expected to propose material increases in the U.S. corporate tax rate. As a REIT, we are permitted to deduct any dividends paid on our stock from our REIT taxable income. While we currently do not pay a dividend on our common stock, we pay dividends on our approximately $1 billion of outstanding preferred stock. If we cease to qualify as a REIT, we would not be able to deduct any dividends (including the preferred dividends we currently pay) from our taxable income, which may result in higher income tax expense. A decision to de-REIT may not result in any of the anticipated benefits to our company and could negatively and adversely affect our business, financial condition, results of operations, returns to stockholders and the market price of our common stock.

Moreover, our investment management business may involve risks not otherwise present with a direct investment in an investment vehicle's target assets, including, among others, investors failing to meet their capital commitment obligations, restrictions on our ability to transfer our interests in an investment vehicle, litigation risk between us and our investors, and exposure to potential liability in connection with our obligations as an investment vehicle's general partner/manager.

Pandemics or disease outbreaks, such as the current novel coronavirus (COVID-19) pandemic, have and the COVID-19 pandemic is expected to continue to, significantly disrupt, and may materially adversely impact, our business, financial condition and ability to execute on our business objectives.

The COVID-19 pandemic has had and may continue to have, and another pandemic in the future could have, repercussions across regional and global economies and financial markets. The outbreak of COVID-19, which first surfaced in Wuhan, China in December 2019 and was declared a pandemic by the World Health Organization in March 2020, has significantly adversely impacted global economic activity and has contributed to significant volatility and negative pressure in financial markets. The impact of the pandemic has been rapidly evolving and, as the number of COVID-19 cases increased, many countries, including the United States, reacted by instituting quarantines, restricting and banning travel or transportation, mandating business and school closures, limiting size of gatherings and canceling sporting, business and other events and conferences. While in May 2020, some parts of the United States had begun to ease the lockdown restrictions and allow businesses to reopen, a resurgence of COVID-19 cases towards the end of 2020 and into 2021 caused many U.S. states to re-institute such restrictions and business closure mandates. It is unknown when easing of these lockdowns and reopening will occur even as COVID-19 vaccines become available across the United States.

While we continue our digital transformation, a significant portion of our assets consist of, and our revenues are derived from, real estate investments, including wellness infrastructure and hospitality assets. The COVID-19 pandemic has impacted states and cities where we and our tenants operate our and their respective wellness infrastructure, hospitality and other businesses and where our properties are located. The preventative measures taken to alleviate the public health crisis, including significant restrictions on travel between the United States and specific countries, and "shelter-in-place" or "stay-at-home" orders issued by local, state and federal authorities, has significantly disrupted global travel and supply chains, and has adversely impacted global commercial activity across many industries, including in particular the travel, group meeting and conference, lodging and hospitality industries, and has disrupted, and is anticipated to further disrupt, operations and businesses in the wellness infrastructure industries, as discussed further below.

The occupancy rates of and revenues generated by our hospitality properties depends on the ability and willingness of guests to travel to our hotels. The spread of COVID-19 has not only decreased guests' willingness to travel, but also prevented guests from traveling to visit or stay at our hotels as a result of federal travel, social distancing or mandated "shelter-in-place" or "stay-at-home" orders and even as such orders have begun to be lifted in the United States, demand for travel has and is expected to continue to be adversely impacted. Similarly, some tenants in our medical office buildings within our wellness infrastructure portfolio have and may continue to seek flexible payment terms or concessions from us for paying lease charges as a result of such restrictions. In addition, COVID-19 has impacted occupancy at our wellness infrastructure properties, as inquiries, tours and move-ins have all declined.

In addition, COVID-19 has had an adverse impact on the business and financial condition of publicly-traded mortgage REITs, including CLNC, the Company's managed mortgage REIT, in which it owns an approximate 36% interest. The borrowers of CLNC's real estate debt investments, including in the office, industrial, multifamily and hotel industries, have and will continue to be affected to the extent that COVID-19's persistence reduces occupancy, increases the cost of operation, limits hours or necessitates the closure of the properties collateralizing such debt investments. In addition, governmental measures, such as quarantines, states of emergencies, restrictions on travel, stay-at-home orders, and other measures taken to curb the spread of the COVID-19 may negatively impact the ability of CLNC's borrowers or tenants to continue to obtain necessary goods and services or provide adequate staffing, which may also adversely affect CLNC's loan investments and operating results. Many mortgage REITs suspended dividends to stockholders beginning in the second quarter 2020. In April 2020, CLNC announced that to conserve available liquidity, it would suspend its monthly stock dividend beginning with the monthly period ending April 30, 2020. On February 24, 2021, CLNC announced that it will pay a quarterly dividend for the quarter ending March 31, 2021, and expects to continue quarterly cash dividends thereafter. However, any dividends declared by CLNC are subject to the approval of CLNC's majority independent board and dependent upon a variety of factors. There can be no assurance that CLNC will continue paying its dividend as anticipated or at all. In addition, the Company's Core FFO is directly impacted by CLNC's performance as a result of the Company's ownership interest in CLNC and, to the extent CLNC continues to experience operational challenges as a result of COVID-19, our Core FFO will similarly be adversely impacted.

Further, CLNC's stock price fell significantly in March and April 2020 due to the significant volatility in equity markets resulting from COVID-19. Along with other publicly traded mortgage REITs, CLNC has experienced a rebound in its stock price during the third quarter 2020 and into 2021, but its stock continues to experience volatility and trade below pre-COVID-19 levels. With increasing uncertainty over the extent and duration of the COVID-19 pandemic, and the timeline for a recovery in the U.S economy, the Company recognized an $275 million other-than-temporary impairment on its CLNC investment in the second quarter 2020. The foregoing impairment was in addition to the $228 million other-than-temporary impairment on its CLNC investment recognized in the second quarter 2019. At December 31, 2020, the carrying value of our CLNC investment was $385 million, or $8.04 per share, while the trading price of CLNC's stock was $7.50 per share. As of February 22, 2021, the trading price of CLNC's stock was $8.71 per share. If the trading price of CLNC's class A common stock were to suffer further declines, to levels below our current carrying value for a prolonged period of time, as a result of COVID-19 or otherwise, an additional other-than-temporary impairment may be recognized in the future.

The difficult market and economic conditions created by COVID-19 have adversely impacted, and are expected to continue to adversely impact, our ability to effectuate our business objectives and strategies. A key component of our business strategy is to monetize certain non-digital, non-core assets in our other equity & debt segment. Many experts predict that the outbreak will trigger, or may have already triggered, a prolonged period of global economic slowdown or a global recession. A sustained downturn in the U.S. economy could negatively impact our ability to consummate asset monetizations within the timeframe and at the values previously anticipated. In addition, the ability to raise capital for our current or anticipated digital-focused investment vehicles may be delayed or adversely impacted by the market and economic conditions which could prevent us from executing our digital pivot and growing our digital business.

The inability to consummate asset monetizations has affected, and could continue to adversely affect, our liquidity and ability to meet our debt obligations or pay dividends to stockholders. For example, in May 2020, we announced the suspension of our common stock dividend for the second quarter of 2020 as the Company's board of directors and management believe it is prudent to conserve cash during the current period of uncertainty. In addition, in connection with the June 2020 amendment to the Company's corporate credit facility, we are prohibited from, among other things, paying dividends, other than (i) paying dividends to maintain the Company's REIT status, (ii) reducing the payment of income taxes and (iii) paying dividends on the Company's preferred stock. As a result, for the term of the corporate credit facility, the Company is prohibited from paying dividends on its common stock, subject to certain limited exceptions. Nonetheless, all permissible distributions are made at the discretion of the Company's board of directors in accordance with Maryland law and depend on our financial condition; debt and equity capital available to us; our expectations for future capital requirements and operating performance; restrictive covenants in our financial or other contractual arrangements, including those in our corporate credit facility; maintenance of our REIT qualification; restrictions under Maryland law; and other factors as our board of directors may deem relevant from time to time.

As a result of these and other factors, we expect our cash flows generated by our real estate investments, particularly in the hospitality and wellness infrastructure industries, to continue to be negatively impacted. Because a substantial portion of our income is derived from these businesses as well as our proceeds from asset monetizations, our business, income, cash flow, results of operations, financial condition, liquidity, prospects and ability to service our debt obligations and our ability to pay dividends and other distributions to our stockholders has been and will continue to be adversely affected if revenues at our hotel and wellness infrastructure properties continue to decline or we are unable to complete certain asset monetizations.

In addition, as COVID-19 has demonstrated the global economy's dependence on digital infrastructure and real estate, the Company has determined to accelerate its shift to a digitally-focused strategy. In doing so, the Company may accelerate the disposition of its legacy assets and portfolios and continue to focus on the growth of the Company's investment management business focused on digital infrastructure and real estate. This transition may be inconsistent with the Company's status as a REIT. For example, in September 2020, the Company entered into a definitive agreement to sell five of the six hotel portfolios in its Hospitality segment and its 55.6% interest in the THL Hotel Portfolio in the Other segment. While the Company will remain a REIT through 2020, in light of its strategy to accelerate the digital transformation, the Company will continue to evaluate whether to maintain REIT status beyond 2020. If the Company ceases to qualify as a REIT, we could be subject to the risks described under “Risk Factors Related to our Business Strategy - Our business vision is to be a leading owner, operator and investment manager of digital infrastructure and real estate, which may adversely impact our stock price and our intent to maintain our REIT qualification” above.

Furthermore, our corporate credit facility requires us to maintain various financial covenants, including minimum tangible net worth, liquidity levels and financial ratios. Our corporate credit facility also requires us to maintain the Company’s REIT status. The June 2020 amendment to our corporate credit facility, among other things, modified certain financial covenants and reduced the aggregate amount of revolving commitments available under the corporate credit facility. Notwithstanding such amendment, based on the decline in performance in our hotel and wellness infrastructure portfolios we are currently experiencing as a result of the COVID-19 pandemic and given the limited visibility to the future recovery of demand in the hospitality industry, there is a range of possible outcomes which may result in a breach of certain financial covenants prior to the current extended maturity of July 2021. In addition, because we exercised our initial extension option on the corporate credit facility, the aggregate amount of revolving commitments available under the corporate credit facility will be reduced to $400 million on March 31, 2021. To the extent that we are unable to effectuate asset monetizations in our Other segment as discussed above, we may be forced to allocate capital to repaying any outstanding balance on the corporate credit facility (either at the initial maturity, in connection with an extension on March 31, 2021, or the final maturity) that otherwise may have been used to invest in and grow the Company's digital infrastructure and real estate business. The occurrence of any of the foregoing could materially and adversely impact our liquidity and business operations.

Additionally, we have significant non-recourse mortgage debt in the Hospitality, Wellness Infrastructure and Other segments, as discussed further below. During 2020, in connection with payment defaults and/or covenant breaches, we executed various forbearance and other debt modification agreements with respect to the majority of such non-recourse mortgage debt. However, our efforts to obtain forbearances or debt modifications were not all successful. For example, as of the date of this report and as further described below, we have consensually transferred certain wellness infrastructure assets to lenders in exchange for a release of $158 million in borrowings secured by such assets, and the Inland Hotel Portfolio is in receivership. In addition, since October 2020, we have made approximately $28 million in aggregate payments to cure defaults and/or maintain debt compliance on a certain hospitality portfolio where we were not able to successfully complete a modification of the associated debt. We expect that a portion of these payments will be returned to us, either in connection with the pending hospitality disposition transaction or as a result of the provisions of the associated loan agreement; however, there can be no assurances that any of these funds will be returned as anticipated. Further, there can be no assurances that any forbearances or debt modifications obtained will result in any of the anticipated benefits. As of the date of this report, $3.5 billion of non-recourse mortgage debt on our hospitality properties is subject to cash flow sweeps. In addition, as of the date of this report, approximately $213 million in non-recourse mortgage debt in our Other and Wellness Infrastructure segments is in default and we expect to convey the mortgaged assets to the lenders via foreclosure or otherwise. Moreover, we have entered into customary non-recourse carve-out guarantees, which provide for these otherwise non-recourse borrowings to become partially or fully recourse against certain of the Company's affiliates in connection with certain limited trigger or "bad boy" events. Although we believe that “bad boy” carve-out guaranties are not guaranties of payment in the event of foreclosure or other actions of the foreclosing lender that are beyond the borrower’s control, some lenders in the real estate industry have recently sought to make claims for payment under such guaranties. In the event such a claim were made against us under a “bad boy” carve-out guaranty, following foreclosure on mortgages or related loans, and such claim were successful, our business and financial results could be materially adversely affected.

In addition, the COVID-19 pandemic, or a future pandemic, could have material and adverse effects on our business, income, cash flow, results of operations, financial condition, liquidity, prospects and ability to service our debt obligations and has, and may continue to have, a material and adverse effect on our ability to pay dividends and other distributions to our stockholders due to, among other factors:

- difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations or address maturing liabilities on a timely basis and our tenants/borrowers’ abilities to fund their business operations and meet their obligations to us;
- difficulty raising capital and attracting investors at our current and any future managed investment vehicles due to the volatility and instability in global financial markets may constrain the success of our managed investment vehicles and consequently our ability to sustain and grow our investment management business;
- the financial impact has and could continue to negatively impact our ability to pay dividends to our stockholders or could result in a determination to reduce the size of one or more dividends, such as is the case with (i) our decision to suspend the dividend on our common stock beginning the second quarter of 2020 and (ii) certain restrictions on our ability to pay dividends on our common stock pursuant to the recent amendment to our corporate credit facility;
- the financial impact could negatively impact our future compliance with financial covenants of our corporate credit facility and other debt agreements and could result in a default and potentially an acceleration of indebtedness, which non-compliance could also negatively impact our ability to make additional borrowings under our revolving credit facility or otherwise pay dividends to our stockholders;
- the worsening of estimated future cash flows due to a change in our plans, policies, or views of market and economic conditions as it relates to one or more of our adversely impacted properties could result in fair value decreases and the recognition of substantial impairment charges imposed on our assets;
- the credit quality of our tenants/borrowers could be negatively impacted and we may significantly increase our allowance for doubtful accounts;
- a general decline in business activity and demand for real estate transactions could adversely affect our ability or desire to grow our digital business or dispose of non-core assets as part of our asset monetization and digital pivot strategy;
- potential impairments on our real estate assets or ceasing to own real estate assets as a result of foreclosure or otherwise may impact our ability to maintain our REIT qualification or our exemption from the 1940 Act;
- CLNC's trading price and the impact on the carrying value of the Company's investment in CLNC, including whether the Company will recognize further other-than-temporary impairments on such CLNC investment in addition to those recognized in the second quarter 2020;
- we have and may continue to implement reductions in our workforce, which could adversely impact our ability to conduct our operations effectively;
- unanticipated costs and operating expenses and decreased anticipated revenue related to compliance with regulations, such as inability to litigate non-paying tenants, regulations requiring forbearance of rent payments in certain jurisdictions, additional expenses related to staff working remotely, requirements to provide employees with additional mandatory paid time off and increased expenses related to sanitation measures performed at each of our properties, as well as additional expenses incurred to protect the welfare of our employees, such as expanded access to health services;
- our level of dependence on the Internet, stemming from employees working remotely, and increases in malware campaigns and phishing attacks preying on the uncertainties surrounding COVID-19, which may increase our vulnerability to cyber attacks and cause disruptions to our internal control procedures;

- increased risk of litigation, particularly with respect to our wellness infrastructure properties, related to the COVID-19 pandemic;
- we, and in particular the success of our pivot to a digital infrastructure and real estate focused strategy, depend, to a significant extent, upon the efforts of our senior management team, including DBH's key personnel. If one or more members of our senior management team or the DBH team become sick with COVID-19, the loss of services of such member could adversely affect our business;
- the potential negative impact on the health of our personnel, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during a disruption; and
- the continued severity, duration, transmission rate and geographic spread of COVID-19 in the United States and elsewhere, the speed of the vaccine roll-out, effectiveness and willingness of people to take COVID-19 vaccines, the duration of associated immunity and their efficacy against emerging variants of COVID-19, the extent and effectiveness of other containment measures taken.

Moreover, the impact of COVID-19 pandemic may also exacerbate many of the risks described in this Annual Report.

Risks Related to Our Hospitality Business. The effects of the COVID-19 pandemic on the hospitality industry are unprecedented with global demand for lodging drastically reduced and occupancy levels reaching historic lows during the second quarter 2020. Many hotels have had to temporarily suspend operations or operate at reduced levels. As of the date of this report, all of our hotel properties remain open but are operating at reduced levels; however, we may determine or be required to temporarily suspend the operations at hotels in the future as a result of the COVID-19 pandemic.

In addition, in order to reduce operating costs and improve efficiency, hotel operators, including our hotel operators, have furloughed a substantial number of personnel and may, in the future, furlough more personnel. Such steps and other hotel personnel work schedule changes that may be made in the future to reduce costs for us or our hotel operators or franchisors, may have other consequences such as negatively impacting the reputation and demand for our hotels or operational challenges if our operators are unable to re-hire furloughed personnel, any of which could have an adverse impact on our ability to improve performance and operations at our hotels when the COVID-19 pandemic subsides. In addition, if we are unable to access capital to make physical improvements to our hotels, the quality of our hotels may suffer, which may negatively impact demand for our hotels. Our third-party hotel managers may also face demands or requests from labor unions for additional compensation or other terms as a result of COVID-19 that could increase costs, and while we do not directly employ or manage employees at our hotels, we could incur costs in connection with such labor disputes or disruptions as our COVID-19 mitigation plans are implemented. We cannot predict when business levels will return to normalized levels when the effects of the pandemic subside. There also can be no guarantee that the demand for lodging, and consumer confidence in travel generally, will recover as quickly as other industries. As a result, the revenues from our hospitality portfolio have declined significantly and we expect this trend to continue.

Furthermore, we have significant non-recourse borrowings outstanding on our hospitality properties (including the THL Hotel Portfolio). As of the date of this report, while none of such borrowings is currently in default, during 2020, nearly all of the $3.5 billion in aggregate principal amount of such borrowings was in default as a result of the failure to make interest payments in light of the impact COVID-19 has had on our hospitality properties. In addition, we have, and may in the future, receive notices of acceleration with respect to our defaulted borrowings. Further, we were not successful in our negotiations with the lender of the mortgage debt collateralized by a portfolio of 48 extended stay and select service hotel properties known as the Inland Hotel Portfolio and, during the third quarter 2020, a receiver was appointed at substantially all of the assets in the Inland Hotel Portfolio. During the period while the receiver is in place, we will no longer be in control of the operations of the Inland Hotel Portfolio even while still owning the assets.

We were able to restructure the majority of our non-recourse borrowings that were in default in 2020 in our hospitality portfolio in connection with COVID-19, either by executing forbearance agreements permitting us not to make interest payments for a specified period of time or entering into other loan modification agreements. However, for the borrowings that have been restructured or modified, or which are no longer in default, there can be no assurance that the cash flow generated from our hospitality portfolios will be sufficient to service such borrowings. As a result, we may need to pursue further restructurings of these borrowings or seek forbearance or other accommodations from our lenders. In connection with the same, we may be required to repay outstanding obligations, including penalties, prior to the stated maturity, be subject to cash flow sweeps or potentially have assets foreclosed upon, any of which may impact our ability to consummate the pending disposition of our hospitality business. As of the date of this report, an aggregate of $3.5 billion in our hospitality borrowings are subject to cash flow sweeps. During the fourth quarter 2020, there was a resurgence in COVID-19 cases in the United States, and although the number of new cases has begun to decline slightly since reaching peak levels in early January 2021, the number of new cases is remains at very high levels and such trend is anticipated to continue or worsen during the winter season. This resurgence has resulted, and could continue to result, in the re-implementation or tightening of travel and stay-at-home restrictions. In addition, as previously disclosed, due to effects of seasonality, our hospitality properties typically generate lower revenues, operating income and cash flows in the first and fourth quarters of each year. During the fourth quarter 2020, due to the COVID-19 resurgence and seasonality, our hospitality properties experienced a decline in operating performance, and there can be no assurance that such performance will improve.

We have recognized significant impairments on hospitality properties (including the THL Hotel Portfolio). During the second and third quarters 2020, primarily related to assets which are anticipated to be divested or sold in the near term and have fair market values below their respective carrying values, we incurred an aggregate of $844 million in impairments on hospitality properties (including the THL Hotel Portfolio). To date, the Company has made payments totaling $28 million to lenders in order to cure certain defaults on the debt associated with a hotel portfolio. In connection with the pending disposition of our hospitality business, the seller has agreed, subject to the satisfaction of certain conditions, to provide the Company with a purchase price credit for a portion of such funded amount; however, there can be no assurance that the Company will close the pending transaction or receive the anticipated purchase price credit. Moreover, depending on the status of ongoing negotiations with lenders, our anticipated hold periods for such assets and cash flow projections, among other factors, we may make additional payments to lenders or take additional impairments on hospitality properties.

In addition, we have agreed to guarantee or contribute to guaranteed payments of franchise fees and marketing fees to our hotel franchisors. In certain instances, such guarantee or contribution agreements may also include an obligation to pay liquidated damages to the hotel franchisor on an early termination of the applicable franchise agreement. In the event that a lender forecloses on our hospitality properties (including in the case of the Inland Hotel Portfolio which is currently in receivership), we may not be released from these payment guarantees or liquidated damages obligations and we may not have any control over whether a franchise agreement is terminated. In the case of the Inland Hotel Portfolio, we have received termination notices with respect to franchise agreements for hotels within the portfolio where the receiver has entered into a new franchise agreement with the applicable franchisor directly. We have not received any claims for liquidated damages from any such applicable franchisor of the terminated franchise agreement; however, there can be no assurances that liquidated damages will not be sought in the future.

Risks Related to Our Wellness Infrastructure Business. We anticipate that the impact of the COVID-19 pandemic will vary by asset class within our wellness infrastructure portfolio. Many of the tenants in our medical office buildings suspended non-essential activities, and accordingly sought rent relief. In our senior housing and skilled nursing facilities, occupancy, which is the primary driver of revenues, has declined and may continue to decline during the pandemic as limitations on admissions and fewer inquiries and tours have caused a significant reduction in move-ins, while COVID-19 at the same time increases the risk of resident illness and move-outs. In addition, operating costs at our senior housing and skilled nursing facilities have increased to secure adequate staffing and personal protective equipment. We do not know to what extent, if any, federal relief programs may alleviate these concerns. We will be directly impacted by these factors in our RIDEA assets, or indirectly impacted in our net leased assets as these factors influence our tenants' ability and willingness to pay rent. We may be forced to restructure tenants' long-term lease obligations or suffer adverse consequences from the bankruptcy, insolvency or financial deterioration of one or more of our tenants, operators, borrowers or managers. As a result, we expect a significant decline in revenues, net operating income and cash flow generated by operations from our wellness infrastructure portfolio.

We have significant non-recourse borrowings outstanding on our wellness infrastructure properties. As of the date of this report, we have conveyed to an affiliate of our lender a portfolio of 36 assets in a consensual transfer to obtain a release on $158 million in aggregate principal amount in borrowings (as discussed above) and have another $45 million in aggregate principal amount of such borrowings in default. As the impact of COVID-19 continues to influence performance at our wellness infrastructure properties, we may experience additional defaults and may be subject to cash flow sweeps. Any such defaults will negatively impact our liquidity and may increase our risk of loss associated with our wellness infrastructure properties. We have entered into forbearance agreements suspending debt service payments for a limited period of time for certain portfolios, subject to satisfaction of certain conditions, and are in active discussions with other lenders, where necessary, regarding deferral of payment obligations and forbearance/waiver of non-payments defaults for failure to satisfy certain financial or other covenants. However, if COVID-19 continues to impact performance and we are unable to obtain accommodations from our lenders, we may be required to repay outstanding obligations, including penalties, prior to the stated maturity, or potentially have assets foreclosed upon.

From time to time, we are involved in legal proceedings, lawsuits and other claims. We may also be named as defendants in lawsuits arising out of our alleged actions or the alleged actions of our tenants and operators for which such tenants and operators have agreed to indemnify, defend and hold us harmless. We may be subject to increased risk of litigation and liability claims as a result of the COVID-19 pandemic and our operating partners' response efforts. Some of these claims may result in large damage awards, which may not be sufficiently covered by insurance or indemnity obligations. Any such litigation may have a material adverse effect on our business, results of operations and financial condition.

Given the ongoing nature of the outbreak, at this time we cannot reasonably estimate the magnitude of the ultimate impact that COVID-19 will have on our business, financial performance and operating results. We believe COVID-19's adverse impact on our business, financial performance and operating results will be significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on the U.S. and global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19; and the negative impact on our fund investors, vendors and other business partners that may indirectly adversely affect us.

Risks Related to Our Digital Business

We require capital in order to continue to operate and grow our business, and the failure to obtain such capital, either through the public or private markets or other third party sources of capital, would have a material adverse effect on our business, financial condition, results of operations and ability to maintain our distributions to our stockholders.

We require capital to fund acquisitions and originations of our target investments, to fund our operations, including overhead costs, to fund distributions to our stockholders and to repay principal and interest on our borrowings. We expect to meet our capital requirements using cash on hand, cash flow generated from our operations and investment management activities, sale proceeds from non-core investments and principal and interest payments received from legacy debt investments. However, because of distribution requirements imposed on us to qualify as a REIT which generally requires that we distribute to our stockholders 90% of our taxable income and that we pay tax on any undistributed income, our ability to finance our growth must largely be funded by external sources of capital. As a result, we may have to rely on third party sources of capital, including public and private offerings of securities and debt financings.

In addition, the fee income generated from or expected to be generated from our current and future managed investment vehicles is driven, both directly and indirectly, by the ability to raise capital at such investment vehicles. Our ability to raise capital at our company, as well as at our current and future managed investment vehicles, through the public and private capital markets depends on a number of factors, including many that are outside our control, such as the general economic environment, the regulatory environment, competition in the marketplace, media attention and investor investment allocation preferences. Poor performance by, or negative publicity about, our Company, our strategy, our management or our managed companies could also make it more difficult for us or our managed investment vehicles to raise new capital. Investors in our managed companies may decline to invest in future companies we raise, and investors may withdraw their investments in our managed companies (subject to the terms of such managed company) as a result of poor performance or negative perceptions of our Company or our leadership. In addition, third party financing may not be available to us when needed, on favorable terms, or at all. If we are unable to obtain adequate financing to fund or grow our business, it would have a material adverse effect on our ability to acquire additional assets and make our debt service payments and our financial condition, results of operations and the ability to fund our distributions to our stockholders would be materially adversely affected.

Adverse changes in general economic and political conditions could adversely impact our business, financial condition and results of operations.

Our business is materially affected by general economic and political conditions in the United States and globally, and our ability to manage our exposure to these conditions may be very limited. These conditions and/or events can adversely affect our business in many ways, including by reducing the ability of our managed vehicles to raise or deploy capital, reducing the value or performance of our investments and the investments made by our managed vehicles and making it more difficult for us and our managed vehicles to realize value from existing investments. Adverse changes in market and economic conditions in the United States or the countries or regions in which we or our managed vehicles invest would likely have a negative impact on real estate values as well as spending and demand for digital and communications infrastructure and technology and, accordingly, our and our managed vehicle's financial performance, the market prices of our securities, and our ability to pay dividends.

The condition of the digital infrastructure and real estate markets in which we operate is cyclical and depends on the condition of the economy in the United States, Europe, China and elsewhere as a whole and to the perceptions of investors of the overall economic outlook. Rising interest rates, declining employment levels, declining demand for real estate, declining real estate values or periods of general economic slowdown or recession, increasing political instability or uncertainty, or the perception that any of these events may occur have negatively impacted the real estate market in the past and may in the future negatively impact our operating performance. In addition, the economic condition of each local market where we operate may depend on one or more key industries within that market, which, in turn, makes our business sensitive to the performance of those industries. Further, as we continue to build our investment portfolio in the digital infrastructure and real estate industries, we will become more dependent on demand for data center space, power and connectivity, which may be adversely affected in deteriorating global economic conditions.

In addition, political uncertainty may contribute to potential risks beyond our control, such as changes in governmental policy on a variety of matters including trade, healthcare, manufacturing, development and investment, the restructuring of trade agreements, and uncertainties associated with political gridlock. Any such changes in U.S. or international political conditions, or political uncertainty and instability, in the territories and countries where we or our tenants and customers operate could adversely affect our operating results, our business and the market price of our stock.

We have only a limited ability to change our portfolio promptly in response to changing economic or other conditions. Certain significant expenditures, such as debt service costs, real estate taxes, and operating and maintenance costs, are generally not reduced when market conditions are poor. These factors impede us from responding quickly to changes in the performance of our investments and could adversely impact our business, financial condition and results of operations.

The digital infrastructure and real estate industry is highly competitive and such competition may materially and adversely affect our performance and ability to execute our strategy.

The digital infrastructure and real estate business is highly competitive based on a number of factors, including brand recognition, reputation and pricing pressure on the products and services offered by the companies in which we expect to invest. A reduction in the perceived quality of services and products offered, or if our competitors offer rental, leasing or similar rates at below market rates or below the rates charged by the companies in which we invest, the performance of the companies in which we invest could be adversely impacted and, as a result, our ability to raise third party capital in our current and future digital focused private equity funds could be adversely impacted. In the event that we are unable to grow our digital real estate infrastructure platform as a result of our poor performance or lack of available funding for our investments, our business, results of operations, financial condition and prospects would be materially adversely affected.

We are also subject to significant competition for attractive investment opportunities from other digital investors, some of which have greater financial resources than us, 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. Some of our competitors and potential competitors have significant advantages over us, particularly as we continue our digital transformation, including greater name recognition, longer or more favorable operating histories, pre-existing relationships with current or potential customers, significantly greater financial, marketing and other resources and more ready access to capital which allow them to respond more quickly to new or changing opportunities. We may not be able to compete successfully for investments. In addition, the number of entities and the amount of funds competing for suitable investments may increase. To the extent we pay higher prices for our target investments or acquire assets on less advantageous terms to us, or are required to do so in the future, due to increased competition, our returns may be lower and the value of our assets may not increase or may decrease significantly below the amount we paid for such assets. If such events occur, we may experience lower returns on our investments.

Our operations in Europe and elsewhere expose our business to risks inherent in conducting business in foreign markets.

A portion of our revenues are sourced from our foreign operations in Europe and elsewhere or other foreign markets. Accordingly, our firm-wide results of operations depend in part on our foreign operations. Conducting business abroad carries significant risks, including:

- our REIT tax status not being respected under foreign laws, in which case any income or gains from foreign sources could be subject to foreign taxes and withholding taxes;
- changes in real estate and other tax rates, the tax treatment of transaction structures and other changes in operating expenses in a particular country where we have an investment;
- restrictions and limitations relating to the repatriation of profits;
- complexity and costs of staffing and managing international operations;
- the burden of complying with multiple and potentially conflicting laws;
- changes in relative interest rates;

- translation and transaction risks related to fluctuations in foreign currency and exchange rates;
- lack of uniform accounting standards (including availability of information in accordance with accounting principles generally accepted in the United States ("GAAP"));
- unexpected changes in regulatory requirements;
- the impact of different business cycles and economic instability;
- political instability and civil unrest;
- legal and logistical barriers to enforcing our contractual rights, including in perfecting our security interests, collecting accounts receivable, foreclosing on secured assets and protecting our interests as a creditor in bankruptcies in certain geographic regions;
- share ownership restrictions on foreign operations;
- compliance with U.S. laws affecting operations outside of the United States, including sanctions laws, or anti-bribery laws such as the Foreign Corrupt Practices Act (“FCPA”); and
- geographic, time zone, language and cultural differences between personnel in different areas of the world.

Each of these risks might adversely affect our performance and impair our ability to make distributions to our stockholders required to qualify and remain qualified as a REIT. In addition, there is generally less publicly available information about foreign companies and a lack of uniform financial accounting standards and practices (including the availability of information in accordance with GAAP) which could impair our ability to analyze transactions and receive timely and accurate financial information from our investments necessary to meet our reporting obligations to financial institutions or governmental or regulatory agencies.

Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency, given the diverse economic and political circumstances in individual Eurozone countries and in recent volatility in the value of the euro. These concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro currency entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be uncertain. Such uncertainty would extend to among other things, whether obligations previously expressed to be owed and payable in euros would be re-denominated in a new currency, what laws would govern and the courts of which country would have jurisdiction. These potential developments, or market perceptions concerning these and related issues, could materially adversely affect the value of our euro-denominated assets and obligations.

In addition, the United Kingdom withdrew from the European Union (“EU”) effective as of January 31, 2020, but with a transition period until the end of 2020. A Trade and Cooperation Agreement (“TCA”) was agreed upon by the EU and the U.K. on December 24, 2020, and ratified by the European Council and the U.K. Parliament ahead of the end of the transition period on December 31, 2020. While the TCA has provisions for how both parties will trade, live, and work with one another, financial services are not covered in any detail in the TCA. The nature of much of the future economic and political relationship between the EU and the United Kingdom remains uncertain, and there is no guarantee that both parties will be able to adhere to the terms of the deal effectively. The United Kingdom’s exit from the EU has created political and economic uncertainty, particularly in the United Kingdom and the EU, and this uncertainty may last for years. Uncertainty about global or regional economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news, and declines in income or asset values, which could adversely affect the availability of financing, the business of our tenants, our business and our results of operations.

Risks Related to our Digital Investment Management Business

The investment management business is intensely competitive.

The investment management business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, brand recognition and business reputation. Our investment management business competes for clients, personnel and investment opportunities with a large number of private equity funds, specialized investment funds, hedge funds, corporate buyers, traditional investment managers, commercial banks, investment banks, other investment managers and other financial institutions, and we expect that competition will increase. Numerous factors serve to increase our competitive risks, some of which are outside of our control, including that:

- a number of our competitors have more personnel and greater financial, technical, marketing and other resources than we do;

- many of our competitors have raised, or are expected to raise, significant amounts of capital, and many of them have investment objectives similar to ours, which may create additional competition for investment opportunities and reduce the size and duration of pricing inefficiencies that we seek to exploit;
- some of our competitors (including strategic competitors) may have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to our managed companies, particularly our managed companies that directly use leverage or rely on debt financing of their portfolio companies to generate superior investment returns;
- some of our competitors have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments;
- our competitors may be able to achieve synergistic cost savings in respect of an investment that we cannot, which may provide them with a competitive advantage in bidding for an investment;
- there are relatively few barriers to entry impeding new funds, and the successful efforts of new entrants into our various lines of business, including major commercial and investment banks and other financial institutions, have resulted in increased competition;
- some investors may prefer to invest with an investment manager whose equity securities are not traded on a national securities exchange;
- some investors may prefer to pursue investments directly instead of investing through one of our managed companies;
- other industry participants will from time to time seek to recruit our investment professionals and other employees away from us; and
- other investment managers may offer more products and services than we do, have more diverse sources of revenue or be more adept at developing, marketing and managing new products and services than we are.

We may find it harder to raise capital in the REITs, private funds and other investment vehicles that we manage, and we may lose investment opportunities in the future, if we do not match the fees, structures and terms offered by competitors to their fund clients. Alternatively, we may experience decreased profitability, rates of return and increased risk of loss if we match the prices, structures and terms offered by competitors. This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future managed investment vehicles, either of which would adversely impact our business, revenues, results of operations and cash flow.

Poor performance of our current and future managed investment vehicles could cause a decline in our revenue, income and cash flow.

The fee arrangements we have with certain of our managed investment vehicles are based on the respective performance of such companies. As a result, poor performance or a decrease in value of assets under management of such managed companies (or any companies we may manage in the future with similar performance-based fees) would result in a reduction of our investment management and other fees, carried interest and/or other incentive fees and consequently cause our revenue, income and cash flow to decline. Further, to the extent that we have an investment in a managed investment vehicle, poor performance at such investment vehicle could cause us to suffer losses on such investments of our own capital.

Investors in our current or future managed investment vehicles may negotiate terms less favorable to us than those of investment vehicles we currently manage, which could have a material adverse effect on our business, results of operations and financial condition.

In connection with sponsoring new managed investment vehicles or securing additional capital commitments in existing investment vehicles, we will negotiate terms for such investment vehicles and commitments from investors. In addition, we have agreed and may in the future agree to re-negotiate terms in the agreements with our investment vehicles due to performance of such investment vehicles or other market conditions. The outcome of such negotiations have and could in the future result in our agreement to terms that are materially less favorable to us economically than the existing terms of our investment vehicles or vehicles advised by our competitors. In addition, we have recorded and may in the future need to record impairments in the goodwill associated with such agreement as a result of amended economic terms in such agreements. For example, in each of the third and fourth quarters of 2019, we recognized impairments to our investment management goodwill of $387 million and $401 million, respectively, as a result of the loss of, or reductions in, management fees. See Note 7 to our consolidated financial statements for additional information regarding such impairments. Further, we may also agree to terms that could restrict our ability to sponsor competing investment vehicles, require us to dispose of an investment within a certain period of time, restrict our ability to sell all or a portion of our position in a co-investment, increase our obligations as the manager or require us to take on additional potential liabilities. Agreement to terms that are materially less favorable to us could result in a decrease in our profitability, which could have a material adverse effect on our business, results of operations and financial condition.

Valuation methodologies for certain assets in our managed institutional private funds can involve subjective judgments, and the fair value of assets established pursuant to such methodologies may be incorrect, which could result in the misstatement of performance and accrued performance fees of an institutional private fund.

There are often no readily ascertainable market prices for a substantial majority of illiquid investments of our managed institutional private funds. We determine the fair value of the investments of each of our institutional private funds at least quarterly based on the fair value guidelines set forth by GAAP. The fair value measurement accounting guidance establishes a hierarchal disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

Investments for which market prices are not observable include, but are not limited to, illiquid investments in operating companies, real estate, energy ventures and structured vehicles, and encompass all components of the capital structure, including equity, mezzanine, debt, preferred equity and derivative instruments such as options and warrants. Fair values of such investments are determined by reference to (1) the market approach (i.e., multiplying a key performance metric of the investee company or asset, such as earnings before interest, income tax, depreciation and amortization ("EBITDA"), by a relevant valuation multiple observed in the range of comparable public entities or transactions, adjusted by management as appropriate for differences between the investment and the referenced comparables), (2) the income approach (i.e., discounting projected future cash flows of the investee company or asset and/or capitalizing representative stabilized cash flows of the investee company or asset) and (3) other methodologies such as prices provided by reputable dealers or pricing services, option pricing models and replacement costs.

The determination of fair value using these methodologies takes into consideration a range of factors including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, the multiples of comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. For example, as to investments that we share with another sponsor, we may apply a different valuation methodology than the other sponsor does or derive a different value than the other sponsor has derived on the same investment, which could cause some investors to question our valuations.

Because there is significant uncertainty in the valuation of, or stability of the value of, illiquid investments, the fair values of such investments as reflected in an institutional private fund’s net asset value do not necessarily reflect the prices that would be obtained by us on behalf of the institutional private fund when such investments are realized. Realizations at values significantly lower than the values at which investments have been reflected in prior institutional private fund net asset values would result in reduced earnings or losses for the applicable fund, the loss of potential carried interest and incentive fees and, in the case of our hedge funds, management fees. Changes in values attributed to investments from quarter to quarter may result in volatility in the net asset values and results of operations that we report from period to period. Also, a situation where asset values turn out to be materially different than values reflected in prior institutional fund net asset values could cause investors to lose confidence in us, which could in turn result in difficulty in raising additional institutional private funds.

Further, the SEC has highlighted valuation practices as one of its areas of focus in investment advisor examinations and has instituted enforcement actions against advisors for misleading investors about valuation. If the SEC were to investigate and find errors in our methodologies or procedures, we and/or members of our management could be subject to penalties and fines, which could harm our reputation and our business, financial condition and results of operations could be materially and adversely affected.

The organization and management of our current and future investment vehicles may create conflicts of interest.

We currently manage, and may in the future manage, private funds, REITs and other investment vehicles that have investment and/or rate of return objectives similar to our own. Those entities may be in competition with us with respect to investment opportunities, potential purchasers, sellers and lessees of properties, and mortgage financing opportunities. We have agreed to implement certain procedures to help manage any perceived or actual conflicts among us and our managed investment vehicles, including the following:

- allocating investment opportunities based on numerous factors, including investment objectives, available cash, diversification/concentration, leverage policy, the size of the investment, tax, anticipated pipeline of suitable investments and fund life;
- all co-investment transactions with managed investment vehicles are subject to the approval of the independent directors of such investment vehicles that are publicly registered companies or previously approved in applicable company documentation, as the case may be; and
- investment allocations are reviewed at least annually by the chief compliance officer of our applicable registered investment adviser and/or the board of directors of the applicable investment vehicle that is a publicly registered company, as the case may be.

In addition, subject to compliance with the rules promulgated under the Investment Advisers Act, we have and may continue to allow a managed investment vehicle to enter into principal transactions with us or cross-transactions with other managed investment vehicles or strategic vehicles. For certain cross-transactions, we may receive a fee from, or increased fees from, the managed investment vehicle and conflicts may exist. If our interests and those of our managed companies are not aligned, we may face conflicts of interests that result in action or inaction that is detrimental to us, our managed investment vehicles, our strategic partnerships or our joint ventures.

In addition, in general, the DBH Portfolio Companies, including DataBank and Vantage SDC, and our Digital Colony funds have priority over us with respect to digital investment opportunities in the target asset classes and the jurisdictions in which we expect to invest. However, as a result of our acquisition of a controlling ownership interest in DataBank and Vantage SDC, we may be in a position to control whether DataBank or Vantage SDC, as applicable, accepts an investment allocation, which could result in conflicts of interest. Further, certain officers and senior management who make allocation decisions may have financial interests in a particular fund or managed investment vehicle, which may increase such conflicts of interest.

Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest would have a material adverse effect on our reputation, which would materially adversely affect our business and our ability to raise capital in future managed companies.

Conflicts of interest may also arise in the allocation of fees and costs among our managed companies that we incur in connection with the management of their assets. This allocation sometimes requires us to exercise discretion and there is no guarantee that we will allocate these fees and costs appropriately.

We may not realize the anticipated benefits of the Wafra strategic partnership.

The strategic partnership with Wafra in our Digital IM Business is expected to result in certain benefits to us, including, among others, providing us with liquidity to pursue strategic digital investments and grow our digital assets under management as well as enhancing our ability to accelerate our digital transformation. There can be no assurance, however, regarding when or the extent to which we will be able to realize these and any other benefits we expect from the transaction, which may be difficult, unpredictable and subject to delays.

In addition, pursuant to the strategic partnership documentation, Wafra has certain redemption rights which, if exercised, would require the Company to repurchase Wafra's equity investment, carried interest participation rights and warrants. Wafra's redemption rights are triggered upon the occurrence of certain events including key person or cause events under the governing documentation of certain Digital Colony investment vehicles and, for a limited period, upon Marc Ganzi, the Company's CEO and President, and Ben Jenkins, the Chairman and Chief Investment Officer of the Company's digital segment, ceasing to fulfill certain time and attention commitments to the Digital IM Business. If such redemption rights are exercised, Wafra will also have a redemption right with respect to any sponsor commitments previously made to the Company's funds and vehicles. No assurance can be given that such redemption events, if triggered, would arise at a time when the Company will have the cash on hand or other available liquidity (including availability under the Company's corporate credit facility) to satisfy the redemptions, which could result in the Company being forced to allocate capital away from other potential opportunities or uses that we would otherwise consider to be the most effective use of such capital.

Additionally, under certain circumstances following such time as our Digital IM Business comprises 90% or more of the Company’s assets, we have agreed to use commercially reasonable efforts to cooperate with Wafra to facilitate the conversion of Wafra’s equity investment into the Company's class A common stock. There can be no assurances that such conversion would occur or on what terms and conditions such conversion would occur, including whether such conversion, if it did occur in the future, would have any adverse impact on the Company, the Company’s stock price, governance and other matters.

If any or all of the risks described above, including the risk that the redemption obligations are triggered, were to materialize, the Company's results of operations, financial position and/or liquidity could be materially and adversely affected.

Risks Related to our Digital Real Estate Business

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could harm our business reputation and could adversely affect our earnings and financial condition.

Our digital real estate business depends on providing customers with highly reliable services, including with respect to power supply, physical security and maintenance of environmental conditions. We may fail to provide such service as a result of numerous factors, including mechanical failure, power outage, human error, physical or electronic security breaches, war, terrorism, fire, earthquake, hurricane, flood, climate change and other natural disasters, sabotage and vandalism.

Problems at one or more of our data centers, towers or other digital infrastructure assets in which we expect to invest, whether or not within our control, could result in service interruptions or equipment damage. Substantially all of the customer leases associated with our digital assets include terms requiring us to meet certain service level commitments to such customers. Any failure to meet these or other commitments or any equipment damage in our data centers, including as a result of mechanical failure, power outage, human error or other reasons, could subject us to liability under our lease terms, including service level credits against customer rent payments, monetary damages, or, in certain cases of repeated failures, the right by the customer to terminate the lease. Service interruptions, equipment failures or security breaches may also expose us to additional legal liability, regulatory requirements, penalties and monetary damages and damage our brand and reputation, and could cause our customers to terminate or not renew their leases. In addition, we may be unable to attract new customers if we have a reputation for service disruptions, equipment failures or physical or electronic security breaches in our data centers or with regard to other digital infrastructure assets. Any such failures could materially adversely affect our business, financial condition and results of operations.

We do not control the operations of certain of our digital real estate assets and are therefore dependent on portfolio company management teams to successfully operate their businesses.

Our data centers are typically operated by in place management teams at the portfolio companies which hold these assets and in which we own our interests or by third party management companies. While we have or expect to have various rights as an owner of the portfolio companies, we may have limited recourse under our management agreements or investment interest documentation if we believe that such in place management teams (who are not our employees) or third party management companies are not performing adequately. Failure by the in place management teams to adequately manage the risks associated with managing data centers could result in defaults under our borrowings and otherwise affect adversely our results of operations. Furthermore, if the portfolio companies or management companies experience any significant financial, legal, accounting or regulatory difficulties, such difficulties could have a material adverse effect on us.

The performance of our digital assets depends upon the demand for such assets.

We have determined to shift our strategy to focus on becoming a leading platform for digital infrastructure and real estate, which owns, manages, and/or operates across all major components of the digital ecosystem including data centers, cell towers, fiber networks and small cells. A reduction in the demand for these digital assets, power or connectivity will adversely impact our ability to execute our business strategy and our performance. Demand for digital assets is particularly susceptible to general economic slowdowns as well as adverse developments in the data center, Internet and data communications and broader technology industries. Any such slowdown or adverse development could lead to reduced corporate IT spending or reduced demand for data center space or towers. Reduced demand could also result from business relocations, including to metropolitan areas that we do not currently or expect to serve. Changes in industry practice or in technology could also reduce demand for the physical data center space or the tower assets we provide or expect to provide. In addition, our customers may choose to develop new data centers or expand their own existing data centers or consolidate into data centers that we do not own or operate, which could reduce demand for our newly developed data centers or result in the loss of one or more key customers. With respect to the tower assets we expect to own, demand for towers could be adversely impacted by changes in federal, state, local and foreign jurisdictions to the extent such regulations prohibiting the additions of new towers on potential communication sites. If we lose a customer or a tenant, we cannot assure you that we would be able to replace that customer at a competitive rate or at all. Mergers or consolidations of technology companies could reduce further the number of our customers/tenants and potential customers/tenants and make us more dependent on a more limited number of customers. If our customers merge with or are acquired by other entities that are not our customers, they may discontinue or reduce the use of our data centers in the future. Our financial condition, results of operations, and cash flow for distributions could be materially adversely affected as a result of any or all of these factors.

We expect certain of the leases we have with our customers to expire each year or are on a month-to-month basis, and to contain early termination provisions. If leases with our customers are not renewed on the same or more favorable terms or are terminated early by our customers, our business, financial condition and results of operations could be substantially harmed.

Customers for our data centers and towers we own or expect to own may not renew their leases upon expiration. This risk is increased to the extent our customer leases expire on an annual basis. Upon expiration, our customers may elect not to renew their leases or renew their leases at lower rates, for less space, for fewer services or for shorter terms. If we are unable to successfully renew or continue our customer leases on the same or more favorable terms or subsequently re-lease available data center space when such leases expire, our business, financial condition and results of operations could be adversely affected. In addition, certain of our leases may contain early termination provisions that allow our customers to reduce the term of their leases subject to payment of an early termination charge that is often a specified portion of the remaining rent payable on such leases. The exercise by customers of early termination options could have an adverse effect on our business, financial condition and results of operations.

The infrastructure of the data centers that we own or expect to own may become obsolete, which could materially and adversely impact our revenue and operations.

Data centers require infrastructure, such as power and cooling systems, that is difficult and costly to upgrade. If the infrastructure in our data centers becomes obsolete due to the development of new server technologies, we may need to upgrade or change the systems in our data centers in order to keep our existing tenants or attract new tenants. We may not be able to effectively or efficiently upgrade or change our data center infrastructure, and may incur substantial costs in doing so. Any inability to upgrade or change our data center infrastructure in connection with technological developments may result in the loss of tenants and adversely impact our ability to attract new tenants, all of which could materially and adversely impact our revenues and operations.

Digital infrastructure and real estate investments are subject to substantial government regulation.

Digital infrastructure and real estate investments are subject to substantial government regulation related to the acquisition and operation of such investments. Failure to comply with applicable government regulations or the inability to obtain or maintain any required government permits, licenses, concessions, leases or contracts needed to operate the digital infrastructure and real estate investments we own or expect to own, could adversely affect our ability to achieve our investment objectives. In addition, governments often have considerable discretion to implement regulations that could affect the business of digital infrastructure and real estate investments in we invest or expect to invest. Changes in existing regulations could be costly for us to comply with, and may delay or prevent the operation of our assets, all of which could adversely impact the performance of our investments.

We often pursue investment opportunities that involve business, regulatory, legal or other complexities and the failure to successfully manage such risks could have a material adverse effect on our business, results of operations and financial condition.

We often pursue unusually complex investment opportunities involving substantial business, regulatory or legal complexity that would deter other investors. Our tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute, it can be more difficult to manage or realize value from the assets acquired in such transactions, and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Failure to successfully manage these risks could have a material adverse effect on our business, results of operations and financial condition.

Many of our investments may be illiquid and we may not be able to vary our investment portfolio in response to changes in economic and other conditions.

Equity investments in real estate, as well as investments in mortgage-related assets, are relatively illiquid. As a result, our ability to vary our investment portfolio promptly in response to changed economic and other conditions is limited, which could adversely affect our financial condition and results of operations and our ability to pay dividends and make distributions. In addition, the liquidity of our investments may also be impacted by, among other things, restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies, other legal or contractual restrictions, the lack of available financing for assets, the absence of a willing buyer or an established market and turbulent market conditions. The illiquidity of our investments may make it difficult for us to sell such investments at advantageous times or in a timely manner if the need or desire arises, including, if necessary, to maintain our status as a REIT or to maintain our exemption from the 1940 Act. If we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our assets. If and to the extent that we use leverage to finance our investments that are or become liquid, the adverse impact on us related to trying to sell assets in a short period of time for cash could be greatly exacerbated.

Risks Related to Our Organizational Structure and Business Operations

We depend on our key personnel, and the loss of their services or the loss of investor confidence in such personnel could have a material adverse effect on our business, results of operations and financial condition.

We depend on the efforts, skill, reputations and business contacts of our key personnel, including our executive officers, which include our Executive Chairman, Thomas J. Barrack, Jr., and our Chief Executive Officer and President, Marc C. Ganzi, in particular, and the services of the other members of our senior management team, including Jacky Wu, Ronald M. Sanders and Sonia Kim, each of whom (other than Ms. Kim) has entered into an employment agreement with us. For instance, the extent and nature of the experience of our executive officers and the nature of the relationships they have developed with real estate professionals, financial institutions, investors in certain of our investment vehicles and other members of the business community are critical to the success of our business. Changes to our management team have occurred in the past, and we cannot assure stockholders that further changes will not be made. We also cannot assure stockholders of the continued employment of these individuals with the Company.

In addition, the success of our digital transformation depends, to a significant extent, upon the continued services of DBH’s key personnel, including Mr. Ganzi and Benjamin Jenkins, DBH’s co-founder and Chief Investment Officer of Digital Colony. Although Mr. Ganzi and Mr. Jenkins received equity interests in us, and are subject to employment agreements and other agreements containing restrictions on engaging in activities that are deemed competitive to our business, there can be no assurances that they will continue employment with us. The loss of Mr. Ganzi, Mr. Jenkins or other DBH personnel could harm our digital real estate business and negatively impact our ability to execute our digital transformation.

In addition, certain of our key personnel have been and may continue to be the subject of media attention, which includes scrutiny or criticism of our Company, business and leadership. Such attention and scrutiny could negatively impact our reputation as well as that of our key personnel, which could in turn negatively impact the relationships our key personnel have with current and potential investors, business partners, vendors and employees. Negative perceptions of or a loss of investor confidence in our key personnel could adversely impact our business prospects.

There may be conflicts of interest between us and our Chief Executive Officer and certain other senior DBH employees that could result in decisions that are not in the best interests of our stockholders.

Prior to our combination with DBH, Marc C. Ganzi, our Chief Executive Officer and President, and Benjamin Jenkins, the Chief Investment Officer of Digital Colony, made personal investments in certain portfolio companies and/or related vehicles (collectively, the "DBH Portfolio Companies"), which DBH acquired along with a consortium of third party investors. In the DBH combination, we acquired the contracts to provide investment advisory and other business services to the DBH Portfolio Companies, while Mr. Ganzi and Mr. Jenkins retained their respective investments in the DBH Portfolio Companies. As a result of these personal investments and related outside business activities, Mr. Ganzi, Mr. Jenkins and certain other senior DBH employees may have control, veto rights or significant influence over, or be required to represent the interests of certain third party investors in, major decisions and other operational matters at the DBH Portfolio Companies. In addition, Mr. Ganzi, Mr. Jenkins and certain other DBH employees may be entitled to receive carried interest payments from the DBH Portfolio Companies upon the occurrence of certain events. As a result, Mr. Ganzi, Mr. Jenkins, and certain other senior DBH employees, may have different objectives than us regarding the performance and management of, transactions with or investment allocations to, the DBH Portfolio Companies. The Company has attempted, and will continue to attempt, to manage and mitigate actual or potential conflicts of interest between us, on the one hand, and Mr. Ganzi, Mr. Jenkins and certain other senior DBH employees, on the other hand; however, there can be no assurances that such attempts will be effective.

As a result of these personal investments, in connection with our DataBank acquisition in December 2019 and Vantage SDC acquisition in July 2020, Mr. Ganzi and Mr. Jenkins received approximately $30 million in aggregate payments, portions of which were invested into Vantage SDC alongside the Company and its co-investors. In such transactions, the Company took a series of steps to mitigate the conflicts in the transactions, including, among others, receiving a fairness opinion on the Company's purchase price from a nationally recognized third party valuation firm and obtaining approval from its board of directors. In certain of these transactions, the Company entered into agreements with Mr. Ganzi and Mr. Jenkins to provide the Company with voting rights and required that such payments received by Mr. Ganzi and Mr. Jenkins be subject to multi-year lockups and/or be re-invested in the transaction. For additional information regarding the DataBank and Vantage SDC acquisitions, see Note 20. Transactions with Affiliates, in the Company’s consolidated financial statements.

As the Company continues its digital transformation and subject to our Code of Business Conduct and Ethics and related party transaction policies and procedures as applicable, we may continue to enter into transactions or other arrangements with the DBH Portfolio Companies in which there are actual or potential conflicts of interests between us and Mr. Ganzi, Mr. Jenkins and certain other senior employees. Despite having related party policies and procedures in place and having conflict mitigants in such transactions, such transactions may not be on terms as favorable to us as they would have been if they had been negotiated among unrelated parties. In addition, such transactions may result in future conflicts of interest if Mr. Ganzi's or Mr. Jenkins' continuing interests in the transaction (if any) are not aligned with the Company's.

We have been and may continue to be subject to the actions of activist stockholders, which could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.

We have been and may continue to be the subject of increased activity by activist stockholders. Responding to stockholder activism can be costly and time-consuming, disrupt our operations and divert the attention of management and our employees from executing our business plan. In 2019 and 2020, we entered into cooperation agreements with Blackwells Capital, LLC ("Blackwells Capital"), an activist investor, pursuant to which, among other things, we appointed an aggregate of four new independent directors to our board of directors. In addition, in connection with the 2020 cooperation agreement, we entered into a joint venture arrangement with Blackwells Capital, to acquire, hold and dispose of the Company's stock and pursuant to which the Company contributed $14.7 million of its previously repurchased class A common stock. Activist campaigns can create perceived uncertainties as to our future direction, strategy or leadership and may result in the loss of potential business opportunities, harm our ability to attract new investors, tenants/operators/managers and joint venture partners, cause us to incur increased legal, advisory and other expenses and cause our stock price to experience periods of volatility or stagnation. Moreover, if individuals are elected to our board of directors with a specific agenda, even though less than a majority, our ability to effectively and timely implement our current initiatives and execute on our long-term strategy may be adversely affected. We are particularly susceptible to the adverse effects of stockholder activism as we continue to executing on our digital transformation. Furthermore, there are circumstances in which our revolving credit facility could terminate and/or accelerate and various change of control payments could arise as a result of the conclusion of a proxy fight.

Our assets may continue to be subject to impairment charges, which could have a material adverse effect on our results of operations.

We evaluate our long-lived assets, primarily real estate held for investment, for impairment periodically or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. In evaluating and/or measuring impairment, the Company considers, among other things, current and estimated future cash flows associated with each property, market information for each sub-market and other quantitative and qualitative factors. Another key consideration in this assessment is the Company's assumptions about the highest and best use of its real estate investments and its intent and ability to hold them for a reasonable period that would allow for the recovery of their carrying values. These key assumptions are subjective in nature and could differ materially from actual results if the property was disposed. Changes in our strategy or changes in the marketplace may alter the hold period of an asset or asset group, which may result in an impairment loss, and such loss could be material to our financial condition or operating performance. If, after giving effect to such changes, we conclude that the carrying values of such assets or asset groups are no longer recoverable, we may recognize impairments in future periods equal to the excess of the carrying values over the estimated fair value. For example, in 2020, we recognized an aggregate of $1.96 billion in impairment of real estate, predominantly related to our hospitality and wellness infrastructure portfolios. See Note 4 to our consolidated financial statements for additional information regarding such impairments. Further, as the Company continues to shift its strategy to focus on the digital industry, we have and may continue to determine to sell our non-digital related assets sooner than we would have otherwise done so, which may result in taking impairment charges on such assets. Such impairments could have a material adverse effect on our results of operations.

In addition, we have and may continue to recognize impairments on the Company's equity method investments and goodwill. For example, given the prolonged period of time that the carrying value of our investment in CLNC had exceeded its market value, we recognized an $275 million other-than-temporary impairment on its CLNC investment in the second quarter 2020. The foregoing impairment was in addition to the $228 million other-than-temporary impairment on its CLNC investment recognized in the second quarter 2019. In addition, during 2020, we recognized an aggregate of $594 million in impairments to our other investment management goodwill. See Note 7 to our consolidated financial statements for additional information regarding such impairments. Further, the remaining value of our other investment management business goodwill is attributable to our credit management business. As we accelerate our digital transformation, we may fully write off such remaining other investment management business goodwill upon an exit of the credit management business.

These subjective assessments have a direct impact on our net income because recording an impairment charge results in an immediate negative adjustment to net income. There can be no assurance that we will not take additional charges in the future related to the impairment of our assets. Any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken.

Thomas J. Barrack, Jr., our Executive Chairman, controls a significant number of votes in any matter presented to our stockholders for approval, including the election of directors.

In connection with the acquisition on April 2, 2015 by Colony's operating partnership of substantially all of the real estate and investment management businesses and operations of Colony Capital, LLC ("CCLLC"), Mr. Barrack was issued shares of Colony's class B common stock which had additional voting rights. In the Merger, such Colony class B common stock was exchanged for shares of our class B Common Stock. Mr. Barrack controls a significant number of votes in matters submitted to a vote of stockholders, including the election of directors, as a result of his beneficial ownership of our class B Common Stock. Mr. Barrack may have interests that differ from our other stockholders and may vote in ways that may not be consistent with the interests of those other stockholders.

Our tax protection and related agreements could limit our ability to sell certain properties, engage in a strategic transaction or reduce our level of indebtedness, which could materially and adversely affect us.

At the closing of the Merger, CCLLC, CCH Management Partners I, LLC, FHB Holding LLC and Richard B. Saltzman (the Company's former Chief Executive Officer), each of which we refer to as a protected member, entered into a tax protection agreement with the Company and the OP (the "TPA"). The TPA provides that each protected member is indemnified on an after-tax basis for any Section 704(c) gain, calculated as provided in the TPA, as a result of a transaction occurring during the period commencing on June 3, 2016 and ending on January 10, 2022 (i.e., the fifth anniversary of the closing of the Merger) (the "Tax Protection Period") and that is considered to be a sale of the tax goodwill, going concern value or airplane owned by the OP and contributed (directly or indirectly) by such protected members, which we refer to, collectively, as the protected property, other than on transfers to the protected members or persons or entities related to the protected members. The TPA also applies to a merger or other transaction that would convert interests in the OP held by the protected members to cash or otherwise result in a taxable disposition of such interests, but does not apply to a transaction in which the equity interests of the protected members are maintained in a manner that does not trigger gain or offers the protected members the option to roll over their investment into an equity interest that is substantially equivalent (including value, profit and loss share, distribution rights and liquidity) to the equity interests exchanged in such transaction.

If our tax indemnification obligations are triggered under these agreements, we will be required to pay damages for the resulting tax consequences to the protected members and the calculation of damages will not be based on the time value of money or the time remaining within the restricted period. Moreover, these obligations may restrict our ability to engage in a strategic transaction. As of December 31, 2020, the OP estimates that if all of its assets subject to the TPA are sold in a taxable transaction, its indemnification obligations (based on tax rates applicable for the taxable year ended December 31, 2020 and exchange values and including additional payments to compensate the protected members for additional tax liabilities resulting from the indemnification payments) could be up to $80 million.

In addition, these and related obligations may require us to maintain more or different indebtedness than we would otherwise require for our business. For example, the TPA requires that the OP maintain at least $1.05 billion of certain non-recourse liabilities during the Tax Protection Period.

The occurrence of a security breach or a deficiency in our cybersecurity has the potential to disrupt our operations, cause material harm to our financial condition, result in misappropriation of assets, compromise confidential information and/or damage our business relationships.

As an asset manager, our business is highly dependent on information technology networks and systems, including systems provided by third parties over which we have no control. We may also have limited opportunity to verify the effectiveness of systems provided by third parties or to cause third parties to implement necessary or desirable improvements for such systems. In the normal course of business, we and our service providers process proprietary, confidential, and personal information provided by our tenants, employees, and vendors. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusions, including by computer hackers, nation-state affiliated actors, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. A security breach or a significant and extended disruption to our systems and, in particular, systems provided by third parties, may result in compromise or corruption of, or unauthorized access to, proprietary, confidential, or personal information collected in the course of conducting our business; misappropriation of assets; disruption of our operations, material harm to our financial condition, cash flows, and the market price of our common shares, significant remediation expenses; and increased cybersecurity protection and insurance costs. A security breach or disruption could also interfere with our ability to comply with financial reporting requirements, loss of competitive position, regulatory actions, litigation, breach of contracts, reputational harm, damage to our stakeholder relationships, or legal liability.

These risks require continuous and likely increasing attention and other resources from us to, among other actions, identify and quantify these risks; upgrade and expand our technologies, systems, and processes to adequately address them; and provide periodic training for our employees to assist them in detecting phishing malware, and other schemes. This diverts time and resources from other activities. Although we make efforts to maintain the security and integrity of our networks and systems, and the proprietary, confidential and personal information that resides on or is transmitted through them, and we have implemented various cyber security policies, procedures capabilities to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging.

We may not realize the anticipated benefits of our strategic partnerships and joint ventures.

We have and may continue to enter into strategic partnerships and joint ventures to support growth in our business. We may also make investments in partnerships or other co-ownership arrangements or participations with third parties. In connection with our investments, our partners provide, among other things, property management, investment advisory, sub-advisory and other services to us and certain of the companies that we manage. We may not realize any of the anticipated benefits of our strategic partnerships and joint ventures. Such investments and any future strategic partnerships and/or joint ventures subject us and the companies we manage to risks and uncertainties not otherwise present with other methods of investment.

For a substantial portion of our assets, we rely upon joint venture partners to manage the day-to-day operations of the joint venture and underlying assets, as well as to prepare financial information for the joint venture. Any failure to perform these obligations may have a negative impact on our financial performance and results of operations. In addition, the terms of the agreements with our partners may limit or restrict our ability to make additional capital contributions for the benefit of properties or to sell or otherwise dispose of properties or interests held in joint ventures, even for ventures where we are the controlling partner. In certain instances, we may not control our joint venture investments. In these ventures, the controlling partner(s) may be able to take actions which are not in our best interests or the best interests of the investments we manage. Furthermore, to the extent that our joint venture partner provides services to the companies we manage, certain conflicts of interest will exist. Moreover, we may decide to terminate a strategic relationship or joint venture partner, which could be costly and time-consuming for our management team.

Any of the above might subject us to liabilities and thus reduce our returns on our investment with that joint venture partner, which in turn may have an adverse effect on our financial condition and results of operations. In addition, disagreements or disputes between us and our joint venture partner(s) could result in litigation, which could increase our expenses and potentially limit the time and effort our officers and directors are able to devote to our business.

We are subject to substantial litigation risks and may face significant liabilities and damage to our professional reputation as a result of litigation allegations and negative publicity.

In the ordinary course of business, we are subject to the risk of substantial litigation and face significant regulatory oversight. Such litigation and proceedings, including, among others, regulatory actions and shareholder class action suits relating to transactions in which we have agreed to acquire public companies, may result in defense costs, settlements, fines or judgments against us, some of which may not be covered by insurance. Litigation could be more likely in connection with a change of control transaction or during periods of market dislocation, shareholder activism or proxy contests. In 2018 and 2020, several class action lawsuits and related derivative actions were filed against our Company and certain of our current and former executive officers and directors alleging certain violations of securities laws and omissions or misstatements regarding disclosures made in connection with our business and/or the 2017 merger of our predecessor entities. The 2018 and 2020 lawsuits were dismissed with prejudice; however, we cannot guarantee that additional lawsuits will not be filed against us in the future. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such litigation or proceedings. An unfavorable outcome could negatively impact our cash flow, financial condition, results of operations and trading price of our shares of class A common stock.

In addition, even in the absence of misconduct, we may be exposed to litigation or other adverse consequences where investments perform poorly and investors in or alongside our managed companies experience losses. We depend to a large extent on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain investors and to pursue investment opportunities for us and our managed companies. As a result, allegations of improper conduct by private litigants (including investors in or alongside our managed companies) or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, our investment activities or the private equity industry in general, whether or not valid, may harm our reputation, which may be more damaging to our business than to other types of businesses.

Our cost reduction programs may not be effective, might have unintended consequences and could negatively impact our business.

In recent years, we have implemented cost reduction programs to reduce annual compensation and administrative expenses. In connection with our most recent cost reduction program in 2020, we achieved annual run-rate cost savings of approximately $55 million, but also incurred approximately $30 million in related charges through December 31, 2020. To the extent we continue to initiate cost reduction programs to further our annual compensation and administrative cost savings, we may incur additional restructuring charges.

As a result of cost reduction programs, we have and may continue to face a variety of risks and uncertainties relating to the effectiveness of such activities. Despite our planning, our cost reduction programs could have unexpected negative consequences. As part of our workforce reduction, we may experience additional attrition, which may expose us to legal claims against us and loss of necessary human resources, which could adversely impact our ability to conduct our operations effectively. If we face costly employee or contract termination claims, our operations and prospects could be harmed. In addition, there can be no assurance that the cost reductions we have made will be successful or are the right reductions for our business going forward. There is a risk that the cost savings initiatives, restructurings and reductions in personnel will make it more difficult to conduct our business and operations.

Risks Related to Financing

We may not be able to generate sufficient cash flow to meet all of our existing or potential future debt service obligations.

Our ability to meet all of our existing or potential future debt service obligations (including those under our revolving credit facility, pursuant to which we may incur significant indebtedness), to refinance our existing or potential future indebtedness, and to fund our operations, working capital, acquisitions, capital expenditures, and other important business uses, depends on our ability to generate sufficient cash flow in the future. Our future cash flow is subject to, among other factors, general economic, industry, financial, competitive, operating, legislative, and regulatory conditions, many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future sources of cash will be available to us on favorable terms, or at all, in amounts sufficient to enable us to meet all of our existing or potential future debt service obligations, or to fund our other important business uses or liquidity needs. Furthermore, if we incur additional indebtedness in connection with future acquisitions or for any other purpose, our existing or potential future debt service obligations could increase significantly and our ability to meet those obligations could depend, in large part, on the returns from such acquisitions or projects, as to which no assurance can be given.

Furthermore, our obligations under the terms of our borrowings could impact us negatively. For example, such obligations could:

- limit our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- restrict us from paying dividends to our stockholders;
- increase our vulnerability to general economic and industry conditions; and
- require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our borrowings, thereby reducing our ability to use cash flow to fund our operations, capital expenditures and future business opportunities.

We may also need to refinance all or a portion of our indebtedness at or prior to the scheduled maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things, (i) our business, financial condition, liquidity, results of operations, core funds from operations ("Core FFO") prospects, and then-current market conditions; and (ii) restrictions in the agreements governing our indebtedness. As a result, we may not be able to refinance any of our indebtedness or obtain additional financing on favorable terms, or at all.

If we do not generate sufficient cash flow from operations and additional borrowings or refinancings are not available to us, we may be unable to meet all of our existing or potential future debt service obligations. As a result, we would be forced to take other actions to meet those obligations, such as selling properties, raising equity or delaying capital expenditures, any of which could have a material adverse effect on us. Furthermore, we cannot assure you that we will be able to effect any of these actions on favorable terms, or at all.

Changes in the debt financing markets could negatively impact our ability to obtain attractive financing or re-financing for our investments and could increase the cost of such financing if it is obtained, which could lead to lower-yielding investments and potentially decrease our net income.

A significant contraction in the market for debt financing, such as the contraction that occurred in 2008 and 2009, or other adverse changes relating to the terms of such debt financing with, for example, higher interest rates, higher capital requirements and/or more restrictive covenants, particularly in the area of acquisition financings for leveraged buyout and real assets transactions, could have a material adverse impact on our business. In the event that we are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, we may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the income earned by us. Similarly, we regularly utilize the corporate debt markets in order to obtain financing for our operations. To the extent that the credit markets render such financing difficult to obtain or more expensive, this may negatively impact our operating performance. In addition, to the extent that the markets make it difficult or impossible to refinance debt that is maturing in the near term, we may be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

Increases in interest rates could adversely affect the value of our investments and cause our interest expense to increase, which could result in reduced earnings or losses and negatively affect our profitability as well as the cash available for distribution to our stockholders.

The value of our investments in certain assets may decline if long-term interest rates increase. Declines in the value of our investments may ultimately reduce earnings or result in losses to us, which may negatively affect cash available for distribution to our stockholders. Significant increases in interest rates may, among other things, increase the credit risk of our assets by negatively impacting the ability of the borrowers to pay debt service on our floating rate loan assets or our ability to refinance our assets upon maturity, negatively impact the value of the real estate collateralizing our investments (or the real estate we own directly) through the impact such increases can have on property valuation capitalization rates and decrease the value of our fixed-rate debt investments.

In addition, in a period of rising interest rates, our operating results will partially depend on the difference between the income from our assets and financing costs. We anticipate that, in some cases, the income from such assets will respond more slowly to interest rate fluctuations than the cost of our borrowings. Consequently, changes in interest rates, particularly short-term interest rates, may significantly influence our net interest income, which is the difference between the interest income we earn on our interest-earning investments and the interest expense we incur in financing these investments. Increases in these rates could decrease our net income and the market value of our assets.

Rising interest rates may also affect the yield on our investments or target investments and the financing cost of our debt. If rising interest rates cause us to be unable to acquire a sufficient volume of our target investments with a yield that is above our borrowing cost, our ability to satisfy our investment objectives and to generate income and pay dividends may be materially and adversely affected. Due to the foregoing, significant fluctuations in interest rates could materially and adversely affect our results of operations, financial conditions and our ability to make distributions to our stockholders.

The future of the reference rate used in our existing floating rate debt instruments and hedging arrangements is uncertain, which could hinder our ability to maintain effective hedges and could adversely impact our business operations and financial results.

Our floating-rate debt, certain senior and junior subordinated notes and certain hedging transactions determine the applicable interest rate or payment amount by reference to a benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), or to another financial metric. In July 2017, the Chief Executive of the U.K. Financial Conduct Authority (“FCA”) announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. On November 30, 2020, ICE Benchmark Administration Limited (“IBA”), announced that it will consult on its intention to cease the publication of the one week and two month USD LIBOR settings after December 31, 2021, and the remaining USD LIBOR settings after June 30, 2023. This consultation closed on January 25, 2021 and may result in a statement that clarifies the expected timing for LIBOR discontinuation; however, the results of the consultation are not yet known. In addition, notwithstanding the IBA announcement, the United States Federal Reserve along with other banking regulators issued a statement advising banks to lay out a plan to stop writing new LIBOR contracts by the end of 2021.

In light of these recent announcements, the future of LIBOR is uncertain and any changes in the methods by which USD LIBOR is determined or regulatory activity related to USD LIBOR’s phaseout could cause USD LIBOR to perform differently than in the past or cease to exist. Despite progress made to date by regulators, banks and industry and market participants to prepare for the anticipated discontinuation of LIBOR, including on proposals for replacement reference rates such as the Secured Overnight Financing Rate ("SOFR"), significant uncertainties remain regarding the future of LIBOR. Such uncertainties relate to, for example, whether LIBOR will continue to be viewed as an acceptable market benchmark rate, what rate or rates may become accepted alternatives to LIBOR, how any replacement would be implemented across the industry, and the effect of any changes in industry views or movement to alternative benchmarks would have on the markets for LIBOR-linked financial instruments.

We can provide no assurance regarding the future of LIBOR and when our current floating rate debt instruments and hedging arrangements will transition from LIBOR as a reference rate to SOFR or another reference rate. To date we have taken steps intended to minimize disruption in our business operations in the event of LIBOR discontinuation, including, where possible, by providing mechanisms in our LIBOR based instruments that permit or facilitate the movement from LIBOR to replacement benchmarks upon the occurrence of certain defined events occur related to the discontinuation of LIBOR. However, there can be no assurances that such steps will successfully minimize disruption or result in any of the benefits we anticipate. The discontinuation of a benchmark rate or other financial metric, changes in a benchmark rate or other financial metric, or changes in market perceptions of the acceptability of a benchmark rate or other financial metric, including LIBOR, could, among other things, result in increased interest payments, changes to our risk exposures, or require renegotiation of previous transactions. In addition, any such discontinuation or changes, whether actual or anticipated, could result in market volatility, adverse tax or accounting effects, increased compliance, legal and operational costs, and risks associated with contract negotiations. Further, confusion related to the transition from USD-LIBOR to SOFR or another replacement reference rate for our floating debt and hedging instruments could have an uncertain economic effect on these instruments, hinder our ability to establish effective hedges and result in a different economic value over time for these instruments than they otherwise would have had under USD-LIBOR, any of which could adversely impact our business operations and financial results.

Risks Related to Ownership of Our Securities

The market price of our class A common stock has been and may continue to be volatile and holders of our class A common stock could lose all or a significant portion of their investment due to drops in the market price of our class A common stock.

The market price of our class A common stock has been and may continue to be volatile. Our stockholders may not be able to resell their common stock at or above the implied price at which they acquired such common stock pursuant to the merger agreement or otherwise due to fluctuations in the market price of our class A common stock, including changes in market price caused by factors unrelated to our operating performance or prospects. Additionally, this volatility and other factors have and may continue to induce stockholder activism, which has been increasing in publicly traded companies in recent years and to which we have and continue to be subject, and could materially disrupt our business, operations and ability to make distributions to our stockholders.

Specific factors that may have a significant effect on the market price of our class A common stock include, among others, the following:

- changes in stock market analyst recommendations or earnings estimates regarding our class A common stock, other companies comparable to it or companies in the industries we serve;
- actual or anticipated fluctuations in our operating results or future prospects;
- reactions to public announcements by us;
- changes in our dividend policy;
- impairment charges affecting the carrying value of one or more of our investments;
- media attention about our Company or our management team;
- strategic actions taken by our Company or our competitors, such as business separations, acquisitions or restructurings;
- failure of our Company to achieve the perceived benefits of certain transactions and restructurings, including financial results and anticipated cost savings and synergies, as rapidly as or to the extent anticipated by financial or industry analysts;
- changes or other announcements regarding our key management personnel;

- adverse conditions in the financial market or general U.S. or international economic conditions, including those resulting from war, incidents of terrorism, outbreaks of disease and epidemics, such as the Coronavirus, and responses to such events; and
- sales of common stock by our Company, members of our management team or significant stockholders.

We may issue additional equity securities, which may dilute your interest in us.

In order to expand our business, we may consider offering class A common stock and securities that are convertible into our class A common stock and may issue additional common stock in connection with acquisitions or joint ventures. If we issue and sell additional shares of our class A common stock, the ownership interests of our existing stockholders will be diluted to the extent they do not participate in the offering. The number of shares of class A common stock that we may issue for cash in non-public offerings without stockholder approval will be limited by the rules of the NYSE. However, we may issue and sell shares of our class A common stock in public offerings, and there generally are exceptions that allow companies to issue a limited number of equity securities in private offerings without stockholder approval, which could dilute your ownership. In July 2020, the OP issued $300 million in aggregate principal balance of 5.75% exchangeable senior notes due 2023, which are exchangeable by the noteholder at any time prior to maturity into shares of our class A common stock. The initial exchange rate, which is subject to adjustment upon the occurrence of certain events, was 434.7826 shares of class A common stock per $1,000 principal amount of notes and represented a conversion price of $2.30 per share of class A common stock. To the extent we issue shares of our class A common stock upon exchange of the notes, the exchange of some or all of our notes will substantially dilute the ownership interests of existing stockholders. Any sales in the public market of shares of our class A common stock issuable upon such exchange of the notes could adversely affect the prevailing market price.

In addition, we have and may continue to issue OP Units in the OP to current employees or third parties without stockholder approval. During 2019, we issued an aggregate of 22,090,587 OP Units, representing approximately 4.5% of our outstanding class A common stock, primarily in connection with our acquisition of DBH and ownership interest in an edge data center company. Subject to any applicable vesting or lock-up restrictions and pursuant to the terms and conditions of the OP agreement, a holder of OP Units may elect to redeem such OP Units for cash or, at the Company's option, shares of our class A common stock on a one-for-one basis. As a result of such OP Unit issuances and potential future issuances, your ownership will be diluted.

Our board of directors may modify our authorized shares of stock of any class or series and may create and issue a class or series of common stock or preferred stock without stockholder approval.

Our Articles of Amendment and Restatement (our "Charter") authorizes our board of directors to, without stockholder approval, classify any unissued shares of common stock or preferred stock; reclassify any previously classified, but unissued, shares of common stock or preferred stock into one or more classes or series of stock; and issue such shares of stock so classified or reclassified. Our board of directors may determine the relative rights, preferences, and privileges of any class or series of common stock or preferred stock issued. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers, and rights (voting or otherwise) senior to the rights of current holders of our class A common stock. The issuance of any such classes or series of common stock or preferred stock could also have the effect of delaying or preventing a change of control transaction that might otherwise be in the best interests of our stockholders.

Risks Related to Our Incorporation in Maryland

The stock ownership limits imposed by the Code for REITs and our Charter may restrict our business combination opportunities.

In order for us to maintain our qualification as a REIT under the Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year following our first year. Our Charter, with certain exceptions, authorizes our board of directors to take those actions that are necessary and desirable to preserve our qualification as a REIT. In order to assist us in complying with the limitations on the concentration of ownership of REIT stock imposed by the Code, our Charter generally prohibits any person (other than a person who has been granted an exemption) from actually or constructively owning more than 9.8% of the aggregate of the outstanding shares of our capital stock (as defined in our Charter) by value or 9.8% of the aggregate of the outstanding shares of our common stock (as defined in our Charter) by value or by number of shares, whichever is more restrictive. Our board of directors may, in its sole discretion, grant an exemption to the ownership limits, subject to certain conditions and the receipt by our board of directors of certain representations and undertakings. The ownership limits imposed under the Code are based upon direct or indirect ownership by “individuals,” but only during the last half of a tax year. The ownership limits contained in our Charter are based on the ownership at any time by any "person," which term includes entities. These ownership limitations are common in REIT charters and are intended to provide added assurance of compliance with the tax law requirements, and to minimize administrative burdens. However, the ownership limit on our common stock might also delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders, and the proposed reduction in the ownership limit could further restrict such transactions that may otherwise not be so delayed or prevented.

Certain provisions of Maryland law could inhibit changes in control.

Certain provisions of the Maryland General Corporation Law ("MGCL") may have the effect of inhibiting a third party from making a proposal to acquire us or impeding a change of control that could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock), or an affiliate thereof, for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and supermajority voting requirements on these combinations; and
- "control share" provisions that provide that holders of "control shares" of our company (defined as voting shares which, when aggregated with all other shares owned or controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by a board of directors prior to the time that the "interested stockholder" becomes an interested stockholder. Our board of directors has, by resolution, exempted any business combination between us and any person who is an existing, or becomes in the future, an "interested stockholder," provided that any such business combination is first approved by our board of directors (including a majority of the directors of our company who are not affiliates or associates of such person). Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any such person. As a result, such person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the supermajority vote requirements and the other provisions of the statute. Additionally, this resolution may be altered, revoked or repealed in whole or in part at any time and we may opt back into the business combination provisions of the MGCL. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. In the case of the control share provisions of the MGCL, we have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws.

Conflicts of interest may exist or could arise in the future with the OP and its members, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or could arise as a result of the relationships between us and our affiliates, on the one hand, and the OP or any member thereof, on the other. Our directors and officers have duties to our Company and our stockholders under applicable Maryland law in connection with their management of our Company. At the same time, the Company, as sole managing member of the OP, has fiduciary duties to the OP and to its members under Delaware law in connection with the management of the OP. Our duties to the OP and its members, as the sole managing member, may come into conflict with the duties of our directors and officers to our Company and our stockholders. As of the date of this report, Mr. Barrack indirectly owns approximately 4.9% in the OP and Mr. Ganzi indirectly owns approximately 1.8% in the OP. These conflicts may be resolved in a manner that is not in the best interest of our stockholders.

Risks Related to Our Wellness Infrastructure Business

Approximately 28% of our real estate investments are concentrated in healthcare properties, which increases the likelihood of risks related to owning healthcare real estate properties becoming more material to our business and results of operations.

Healthcare real estate properties currently represent approximately 28% of our real estate portfolio. As a result of this concentration of healthcare real estate properties, our exposure to the risks inherent in investments in the healthcare sector has also increased, making us more vulnerable to a downturn or slowdown in the healthcare sector. We cannot be certain that our tenants, operators and managers will achieve and maintain occupancy and rate levels that will enable them to satisfy their obligations to us. We also cannot assure you that future changes in government regulation will not adversely affect the healthcare industry. Any adverse changes in the regulation of the healthcare industry or the competitiveness of our tenants, operators and managers could have a more pronounced effect on us than if our investments were more diversified.

We have significant leverage on our healthcare properties, which increases the risk of loss associated with our healthcare investments, impacts our liquidity and restricts our ability to engage in certain activities.

As of December 31, 2020, we had $2.7 billion of borrowings outstanding on our healthcare properties. Use of leverage increases our risk of loss, impacts our liquidity and restricts our ability to engage in certain activities, including our ability to implement certain strategic initiatives or dispose of certain assets. If we fail to comply with the covenants required by our borrowings or do not generate sufficient cash flow to service our borrowings, our liquidity may be materially and adversely affected. We have been, and may in the future be, in default, on the non-recourse borrowings associated with our healthcare properties as a result of the failure of our operators or managers to satisfy certain performance thresholds or other covenants. In particular, if certain of our operators continue to experience operating difficulties, our ability to comply with our obligations under our borrowings may be subject to additional stress. As a result of these defaults or if we default on additional borrowings, we may be required to repay outstanding obligations, including penalties, prior to the stated maturity, be subject to cash flow sweeps or potentially have assets foreclosed upon. In addition, we may be unable to refinance borrowings when they become due on favorable terms, at similar interest rate levels, or at all, which could have a material adverse impact on our results of operations.

We do not control the operations of our senior housing, skilled nursing and other wellness infrastructure assets and are therefore dependent on the operators and managers, as applicable, of these properties to successfully operate their businesses.

Our senior housing, skilled nursing and other wellness infrastructure assets are typically operated by healthcare operators pursuant to net leases or by independent third party managers pursuant to management agreements. As a result, we are unable to directly implement strategic business decisions with respect to the daily operation and marketing of these properties. We also rely on operators and managers to operate our properties in compliance with all applicable laws and regulations. Given the disproportionate impact that the COVID-19 pandemic has had on senior housing and skilled nursing facilities, there is a material risk that these facilities may be subject to lawsuits and administrative scrutiny for failing to take appropriate measures to comply with infection control protocols, leading to illnesses and deaths of patients, residents and staff. Even if a facility was not materially affected by the COVID-19 pandemic, the entire senior services industry is likely to experience heightened scrutiny by state and federal regulatory authorities and plaintiffs' attorneys. While we have various rights as the property owner under our leases or management agreements and monitor the operators/managers' performance, we may have limited recourse under our leases or management agreements if we believe that the operators/managers are not performing adequately. Failure by the operators/managers to adequately manage the risks associated with operations of these properties could result in defaults under our borrowings and otherwise affect adversely our results of operations. Furthermore, if our operators/managers experience any significant financial, legal, accounting or regulatory difficulties, such difficulties could have a material adverse effect on us.

Decreases in our operators' revenues or increases in our operators' expenses could negatively affect our financial results.

Our operators' revenues are primarily driven by occupancy, private pay rates, and Medicare and Medicaid reimbursement, if applicable. Expenses for these facilities are primarily driven by the costs of labor, food, utilities, taxes, insurance, compliance activities, rent or debt service. Revenues from government reimbursement may continue to be subject to reimbursement cuts, disruptions in payment, audit and recovery actions, and state budget shortfalls. Additionally, federal and state governmental entities are considering and may impose new regulatory obligations that could increase costs, expose our operators to financial penalties or program suspension or exclusion, or limit their number of residents or patients. Operating costs, including labor costs and costs of compliance with government programs, continue to increase for our operators. To the extent that any decrease in revenues and/or any increase in operating expenses result in a property not generating sufficient cash, our operators may not be able to make payments to us. Failure of our operators to perform could result in defaults under our borrowings. As a result, we may need to negotiate new leases with our operators or replace such operators, which may subject us to significant liabilities and expense. Under these circumstances, we have recorded and may need to further record impairment for such assets. Furthermore, if we determine to dispose of an underperforming property, such sale may result in a loss. Any such impairment or loss on sale would negatively affect our financial results.

We are directly exposed to operational risks at certain of our healthcare properties, which could adversely affect our revenue and operations.

We operate a substantial number of healthcare properties pursuant to management agreements with third party managers, whereby we are directly exposed to various operational risks with respect to these healthcare properties that may increase our costs or adversely affect our ability to generate revenues. These risks include fluctuations in occupancy, government reimbursement, if applicable, private pay rates, economic conditions, competition, federal, state, local and industry-regulated licensure, certification, fraud and abuse and privacy and security laws, regulations and standards and related audits, investigations and litigation, the availability and increases in cost of general and professional liability insurance coverage (including as a result of climate change or other natural disasters), the impact of actual and anticipated outbreaks of disease and epidemics, such as COVID-19, rent control regulations, the imposition of new or increased taxes, capital expenditure requirements, and the availability and increases in the cost of food, materials, energy, or labor (as a result of unionization or otherwise). If any of these properties does not generate sufficient revenues to cover its expenses, we are responsible for any operating shortfalls. Any one or a combination of these factors may adversely affect our revenue and operations. Refer to “Operating and Regulatory Structure—U.S. Healthcare Regulation” included in Item 1 of this Annual Report for further discussion.

Senior Lifestyles Corporation and its affiliates (“SLC”) manages a significant portion of these senior housing facilities. Because SLC manages our properties in exchange for a management fee from us, we are not exposed to its credit risk. However, failure of SLC to manage our properties efficiently and effectively could have a significant adverse impact on us. We monitor and assess numerous factors, including legal, contractual, regulatory, business and other relevant considerations, in determining whether to pursue any rights or remedies under our management agreements with SLC, including termination. If we elected to terminate the management agreements for any properties, we would attempt to reposition the properties, but there can be no assurance that we will be able to locate a suitable replacement manager or that the replacement manager would manage the properties effectively.

If we must replace any of our tenants, operators or managers, we might be unable to reposition the properties on as favorable terms, or at all, and we could be subject to delays, limitations and expenses, which could have a material adverse effect on us.

Following expiration of a lease term or if we exercise our right to replace a tenant, operator or manager in default, we will attempt to reposition properties. However, rental payments on the related properties could decline or cease altogether while we reposition the properties with a suitable replacement tenant, operator or manager. We also may not be successful in identifying suitable replacements or enter into new leases or management agreements on a timely basis or on terms as favorable to us as our current leases and management agreements, if at all, and we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, our properties while they are being repositioned. In addition, we may incur certain obligations and liabilities, including obligations to indemnify the replacement tenant, operator or manager. Once a suitable replacement tenant/operator/manager has taken over operation of the properties, it may still take an extended period of time before the properties are fully repositioned and value restored, if at all. Any of these results could have a material adverse effect on our business, financial condition and results of operations.

Increased competition may affect the performance of our operating properties, as well as our operators’ ability to meet their obligations to us.

The healthcare industry is highly competitive, and our operators and managers may encounter increased competition for residents, including with respect to the scope and quality of care and services provided, reputation and financial condition, physical appearance of the properties, price and location. Our operators and managers also compete for labor, making their results sensitive to changes in the labor market and/or wages and benefits offered to their employees. If our operators and managers are unable to successfully compete with other operators and managers by maintaining profitable occupancy and rate levels or controlling labor costs, our performance may be directly or indirectly materially adversely affected, potentially decreasing our revenues or impairing our assets.

The hospitals on or near whose campuses many of our medical office buildings ("MOBs") are located and their affiliated health systems could fail to remain competitive or financially viable, which could adversely impact their ability to attract physicians and physician groups to our MOBs.

Our MOB operations depend on the competitiveness and financial viability of the hospitals on or near whose campuses our MOBs are located. The viability of these hospitals, in turn, depends on factors such as the quality and mix of healthcare services provided, competition for patients, physicians and physician groups, demographic trends in the surrounding community, market position and growth potential. A hospital’s inability to remain competitive or financially viable, or to attract physicians and physician groups, could materially adversely affect our MOB operations and have a material adverse effect on us.

Failure to comply with certain healthcare laws and regulations could adversely affect our operations, expose us to liability and jeopardize our tenants/operators' abilities to meet their obligations to us.

Our wellness infrastructure assets generally are subject to varying levels of federal, state, local, and industry regulated laws, regulations and standards. Our tenants/operators/managers' failure to comply with any of these laws, regulations or standards could result in denial of reimbursement, imposition of fines, penalties or damages, suspension, decertification or exclusion from federal and state healthcare programs, loss of license, loss of accreditation or certification, or closure of the facility. For our operating properties, our operations may be directly impacted by any such actions and expose us to liability. For our net leased properties, such actions may have an effect on our tenants/operators' ability to meet all of their obligations to us, including obligations to make lease payments, and, therefore, adversely impact us. Refer to "Operating and Regulatory Structure—U.S. Healthcare Regulation" included in Item 1 of this Annual Report for further discussion.

Changes in the reimbursement rates or methods of payment from third-party payors, including the Medicare and Medicaid programs, could have a material adverse effect on certain of our tenants and operators and on us.

Certain of our wellness infrastructure assets rely on reimbursement from third party payors, including payments received through the Medicare and Medicaid programs, for substantially all of their revenues. Federal and state legislators and healthcare financing authorities have adopted or proposed various cost-containment measures that would limit payments to healthcare providers and have considered Medicaid rate freezes or cuts. Additionally, some states are considering changes that would affect beneficiary eligibility for Medicaid. See "Operating and Regulatory Structure—U.S. Healthcare Regulation" included in Item 1 of this Annual Report. Private third party payors also have continued their efforts to control healthcare costs. We cannot assure you that we, or our tenants and operators who currently depend on governmental or private payor reimbursement, will be adequately reimbursed for the services provided. Significant limits by governmental and private third party payors on the scope of services reimbursed or on reimbursement rates and fees, whether from legislation, administrative actions or private payor efforts, could have a material adverse effect on our liquidity, financial condition and results of operations.

Significant legal actions or regulatory proceedings could subject us or our tenants and operators to increased operating costs and substantial uninsured liabilities, which could materially adversely affect our or their liquidity, financial condition and results of operations.

We may be subject to claims brought against us in lawsuits and other legal or regulatory proceedings arising out of our alleged actions or the alleged actions of managers. From time to time, we may also be subject to claims brought against us arising out of the alleged actions of our tenants and operators and for which such tenants and operators may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such litigation or proceeding could materially adversely affect our or their liquidity, financial condition and results of operations and have a material adverse effect on us.

In certain cases, we and our tenants, operators and managers may be subject to professional liability claims brought by plaintiffs' attorneys seeking significant punitive damages and attorneys' fees. Due to the historically high frequency and severity of professional liability claims against senior housing and healthcare providers, the availability of professional liability insurance has decreased and the premiums on such insurance coverage remain costly. The number of claims of this nature may increase on account of the impact of the COVID-19 pandemic. These claims, with or without merit, could cause us to incur substantial costs, harm our reputation and adversely affect our ability to attract and retain residents, any of which could have a material adverse effect on our business, financial condition and results of operations. In particular, professional liability carriers may seek to exclude claims related to COVID-19 from coverage. As a result, insurance protection against such claims may not be sufficient to cover all claims against us or our tenants, operators or managers, and may not be available at a reasonable cost. If we or our tenants, operators and managers are unable to maintain adequate insurance coverage or are required to pay punitive damages, we or they may be exposed to substantial liabilities.

Risks Related to Our Hospitality Business

A significant portion of our real estate investments are concentrated in hotels, which increases our exposure to risks affecting the hospitality industry.

As of December 31, 2020, our hotel properties (including the THL Hotel Portfolio) represents approximately 28% of our real estate portfolio. The hospitality industry is subject to changes in the travel patterns of business and leisure travelers, both of which are affected by the strength of the economy, as well as other factors. The performance of the hospitality industry has traditionally been closely linked with the performance of the general economy and, specifically, growth in gross domestic product. Changes in travel patterns of both business and leisure travelers, particularly during periods of economic contraction or low levels of economic growth, may create difficulties for the industry over the long-term and adversely affect our results. The majority of our hotels are classified as upscale extended stay and upscale select service that generally target business travelers. In periods of economic difficulties, business and leisure travelers may seek to reduce travel costs by limiting travel or seeking to reduce costs on their trips. Our results of operations and any forecast we make may be affected by, and can change based on, a variety of circumstances that affect the hospitality industry, including:

- changes in the international, national, regional and local economic climate;
- changes in business and leisure travel patterns;
- increases in energy prices or airline fares or terrorist incidents, which impact the propensity of people to travel and revenues from our hospitality facilities because operating costs cannot be adjusted as quickly;
- supply growth in markets where we own hotels, which may adversely affect demand at our properties;
- the attractiveness of our hotels to consumers relative to competing hotels;
- competition and supply from alternative lodging market places in the markets in which we own hotels;
- the performance of the managers of our hotels;
- outbreaks of disease and epidemics, such as the COVID-19 pandemic, and the impact on travel of natural disasters and weather;
- physical damage to our hotels as a result of earthquakes, hurricanes, climate change or other natural disasters or the income lost as a result of the damage;
- increases in the cost or availability of property insurance for our hotel properties, as a result of climate change or other natural disaster;
- changes in room rates and increases in operating costs due to inflation, labor costs and other factors; and
- unionization of the labor force at our hotels.

A reduction in our revenue or earnings as a result of the above risks may reduce our working capital, impact our long-term business strategy and impact the value of our assets and our ability to meet certain covenants in our existing debt agreements.

We do not control our hotel operations and we are dependent on the managers of our hotels.

To maintain our status as a REIT, we are not permitted to operate any of our hotels. As a result, we have entered into management agreements with third-party managers to operate our hotel properties. For this reason, we are unable to directly implement strategic business decisions with respect to the daily operation and marketing of our hotels, such as decisions with respect to the setting of room rates, negotiation of corporate client contracts, food and beverage pricing and certain similar matters. Although we consult with our hotel operators with respect to strategic business plans, the hotel operators are under no obligation to implement any of our recommendations with respect to these matters. While we monitor the hotel managers' performance, we have limited recourse under our management agreements if we believe that the hotel managers are not performing adequately. The cash flow from our hotels may be affected adversely if our managers fail to provide quality services and amenities or if they or their affiliates fail to maintain the hotels in an acceptable condition.

From time to time, we may have differences with the managers of our hotels over their performance and compliance with the terms of our management agreements. If we are unable to reach satisfactory results through discussions and negotiations, we may choose to litigate the dispute or submit the matter to third-party dispute resolution. Failure by our hotel managers to fully perform the duties agreed to in our management agreements or the failure of our managers to adequately manage the risks associated with hotel operations, including cyber-security risks, could affect adversely our results of operations.

In addition, our hotel managers or their affiliates manage, and in some cases own, have invested in, or provided credit support or operating guarantees to hotels that compete with our hotels, all of which may result in conflicts of interest. As a result, our hotel managers have in the past made, and may in the future make, decisions regarding competing hospitality facilities that are not or would not be in our best interest.

Island Hospitality Group, Inc. ("Island") manages the majority of our hotels in our hospitality segment pursuant to management agreements. In addition, Aimbridge Hospitality (“Aimbridge”) manages all of the hotel properties in the THL Hotel Portfolio that we acquired through consensual foreclosure in July 2017. Although we have various rights as the property owner under our management agreements, we rely on Island’s and Aimbridge’s respective personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our hotel operations efficiently and effectively. Any adverse developments in Island’s and Aimbridge’s respective business and affairs or financial condition could impair their ability to manage our properties efficiently and effectively and could have a materially adverse effect on us.

We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor.

Our third-party managers are responsible for hiring and maintaining the labor force at each of our hotels. Although we do not directly employ or manage employees at our hotels, we still are subject to many of the costs and risks generally associated with the hotel labor force, particularly at those hotels with unionized labor. From time to time, hotel operations may be disrupted as a result of strikes, lockouts, public demonstrations or other negative actions and publicity. We also may incur increased legal costs and indirect labor costs as a result of contract disputes involving our third-party managers and their labor force or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, a significant component of our hotel operating costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Additionally, hotels where our third-party managers have collective bargaining agreements with employees are more highly affected by labor force activities than others. Furthermore, labor agreements may limit the ability of our hotel managers to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. Our ability, if any, to have any material impact on the outcome of these negotiations is restricted by and dependent on the individual management agreement covering a specific property and we may have little ability to control the outcome of these negotiations.

In addition, changes in labor laws may negatively impact us. For example, increases in minimum wage laws and the Department of Labor’s recent regulations effective as of January 1, 2020, which expand the scope of non-exempt employees under the Fair Labor Standards Act to increase the entitlement to overtime pay could significantly increase the cost of labor in the workforce, which would increase the operating costs of our hotel properties and may have a material adverse effect on us.

We are subject to risks associated with our ongoing need for renovations and capital improvements as well as financing these expenditures.

In order to remain competitive, our hotels have an ongoing need for renovations and other capital improvements, including replacements, from time to time, of furniture, fixtures and equipment. These capital improvements may give rise to the following risks:

- construction cost overruns and delays;
- a possible shortage of liquidity to fund capital improvements and the related possibility that financing for these capital improvements may not be available to us on affordable terms;
- the renovation investment failing to produce the returns on investment that we expect;
- disruptions in the operations of the hotel as well as in demand for the hotel while capital improvements are underway; and
- disputes with franchisors or hotel managers regarding compliance with relevant management or franchise agreements.

We may have insufficient liquidity to fund capital expenditures and, consequently, we may need to rely upon the availability of debt or equity capital to fund our investments and capital improvements. These sources of funds may not be available on reasonable terms and conditions or at all.

We have significant leverage on our hotel properties, which increases the risk of loss associated with our hotel investments, impacts our liquidity and restricts our ability to engage in certain activities.

As of December 31, 2020, we had $3.5 billion of borrowings outstanding on our hotel properties, including the THL Hotel Portfolio. Use of leverage increases our risk of loss, impacts our liquidity and restricts our ability to engage in certain activities, including our ability to implement certain transactions or dispose of certain assets. If we fail to comply with the covenants required by our borrowings or do not generate sufficient cash flow to service our borrowings, our liquidity may be materially and adversely affected. If we default on borrowings, we may be required to repay outstanding obligations, including penalties, prior to the stated maturity, be subject to cash flow sweeps or potentially have assets foreclosed upon. In addition, we may be unable to refinance borrowings when they become due on favorable terms, at similar interest rate levels, or at all, which could have a material adverse impact on our results of operations. Refer to “Risk Factors—Risks Related to Our Business Strategy—Pandemics or disease outbreaks, such as the current novel coronavirus (COVID-19) pandemic, have and the COVID-19 pandemic is expected to continue to, significantly disrupt, and may materially adversely impact, our business, financial condition and ability to execute on our business objectives—Risks Related to Our Hospitality Business” above for further discussion on the COVID-19 pandemic’s impact on the leverage on our hotel properties.

Risks of operating hotels under franchise licenses, which may be terminated or not renewed, may impact our ability to make distributions to stockholders.

The continuation of our franchise licenses is subject to specified operating standards and other terms and conditions. All of the franchisors of our hotels periodically inspect our hotels to confirm adherence to their operating standards. The failure to maintain such standards or to adhere to such other terms and conditions could result in the loss or cancellation of the applicable franchise license. It is possible that a franchisor could condition the continuation of a franchise license on the completion of capital improvements that we determine are too expensive or otherwise not economically feasible in light of general economic conditions, the operating results or prospects of the affected hotel. In that event, we may elect to allow the franchise license to lapse or be terminated.

There can be no assurance that a franchisor will renew a franchise license at each option period. If a franchisor terminates a franchise license, we may be unable to obtain a suitable replacement franchise, or to successfully operate the hotel independent of a franchise license. In addition, in certain cases we have guaranteed the payment obligations under our franchise licenses and a termination of such license could cause us to be liable under our guarantee for liquidated damages. Refer to “Risk Factors—Risks Related to Our Business Strategy—Pandemics or disease outbreaks, such as the current novel coronavirus (COVID-19) pandemic, have and the COVID-19 pandemic is expected to continue to, significantly disrupt, and may materially adversely impact, our business, financial condition and ability to execute on our business objectives—Risks Related to Our Hospitality Business” above for further discussion regarding our franchise fee guarantees.

The loss of a franchise license could have a material adverse effect upon the operations or the underlying value of the related hotel because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor. Our loss of a franchise license for one or more of the hotels could have a material adverse effect on our revenues and our amounts available for distribution to shareholders.

Increasing interest rates could materially impact the operating results of our hotel properties.

All of our hotel properties are financed with floating-rate debt. If interest rates rise, the costs of our existing floating rate borrowings and any new borrowings that we incur would increase. These increased costs could reduce the profitability of our hotel properties or impair our ability to meet our debt obligations, which in turn may have a material adverse effect on our cash flow, results of operations and overall financial position. An increase in interest rates also could limit our ability to refinance existing debt upon maturity or cause us to pay higher rates upon refinancing, as well as decrease the amount that third parties are willing to pay for our hotels, thereby limiting our ability to promptly reposition our portfolio in response to changes in economic or other conditions.

We have obtained, and we may in the future obtain, one or more forms of interest rate protection, including swap agreements, interest rate cap contracts or similar agreements, that involve additional risks, including the risks that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, that the amount of income we earn from hedging transactions may be limited by federal tax provisions governing REITs, and that these arrangements may cause us to pay higher interest rates on our debt obligations than otherwise would be the case. Moreover, no amount of hedging activity can fully insulate us from the risks associated with changes in interest rates. Failure to hedge effectively against interest rate risk, if we choose to engage in such activities, could adversely affect our results of operations and financial condition.

There can be no assurance that the pending disposition of our hospitality business will be completed on the terms contemplated or at all or that we will be able to realize the anticipated benefits of such sale transaction.

In September 2020, we announced that we entered into a definitive agreement with a third party to sell our $2.8 billion hospitality business, composed of 197 hotel properties in aggregate, for gross aggregate selling price of $67.5 million, subject to certain adjustments as provided in the sale agreement, as amended. The sale is expected to close in the first half of 2021. There can be no assurance that this sale transaction will be completed on the terms contemplated, in accordance with the anticipated timing or at all. Consummation of the sale is subject to customary closing conditions, including but not limited to, the acquirer’s assumption of the outstanding $2.7 billion mortgage notes encumbering the hotel properties and third party approvals, including any applicable franchisor consent. There can be no assurance that these conditions to closing will be satisfied. Furthermore, even if we are able to consummate the sale of this business, there can be no assurance that we will realize the anticipated benefits to us of such transaction, including any amount of net proceeds from the transaction as a result of transaction costs or other transaction related expenses. Moreover, one of the Company's hospitality portfolios, which is in receivership, is not a part of the sale transaction. There can be no assurance as to when such hospitality portfolio will be foreclosed upon or sold by the receiver to a third party.

Risks Related to Our Legacy Investment Management Business

See “Risk Factors—Risks Related to Our Digital Business—Risks Related to Our Digital Investment Management Business” above for risk factors that are also applicable to our legacy investment management business.

Certain of our management agreements with investment vehicles that are publicly-registered companies with the SEC are subject to limitation or termination, and any such termination could have a material adverse effect on our business, results of operations and financial condition.

The agreements under which we provide management and other services to companies that raise capital through the public markets are renewable upon mutual consent of the parties for an unlimited number of successive one-year periods. In certain instances, these agreements may generally be terminated by such managed public company immediately for cause, or upon 60 days’ written notice, without cause or for good reason, and expire on an annual basis, unless otherwise renewed. Further, we anticipate that our managed retail public companies will pursue a liquidity transaction in the future and, if successful, certain liquidity transactions could result in termination or expiration of these agreements. With respect to our management agreement with CLNC, the initial term expires on January 31, 2021, which will automatically be renewed for successive one-year periods thereafter unless we or, in certain limited circumstances, CLNC, elect not to renew by providing 180 days prior written notice. There can be no assurance that these agreements will not expire or be terminated or not be renewed. Any such termination, expiration or non-renewal could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition to the management fees we receive from our managed companies, we are reimbursed by the publicly traded and retail companies we manage for costs and expenses we incur on their behalf, including certain indirect personnel and employment costs that we may allocate to such managed companies and disputes could arise in connection with those allocations.

We are paid substantial fees for the services we and our subsidiaries provide to our managed companies and we are also reimbursed by the publicly-traded and retail companies we manage for certain costs and expenses we incur and pay on their behalf. Such managed companies reimburse us, subject to certain limitations and exceptions, for both direct expenses as well as indirect costs, including our personnel and employment costs. The costs and expenses that we allocate to our publicly-traded and retail companies can be substantial and may involve subjective judgment and discretion. There are conflicts of interest that arise when we make allocation determinations. These conflicts of interest, as well as the loyalties of our executives and other real estate and finance professionals to other entities and investors, could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy and our reputation. For the year ended December 31, 2020, we allocated $12.5 million in costs to CLNC and our retail companies, in the aggregate. These managed companies could dispute the amount of costs we allocate to them and the methodologies we use to determine those amounts. Any dispute or investigation regarding our allocation of costs and expenses could be distracting, expensive and harmful to our reputation as well as have other adverse effects on our company and future operating performance, including the potential that such managed companies could seek to terminate their relationship with us.

In addition, our managed companies that are publicly-traded grant, either directly or indirectly through us as manager, equity awards to certain of our employees in connection with the services that we provide to such companies as their manager. Such grants of equity awards are in the discretion and subject to the approval of the specific managed company's board of directors or compensation committee. As of the date of this report, CLNC is our only managed company that is publicly traded. In 2020, the publicly-traded companies we manage did not issue any equity awards directly or indirectly to our employees and, as a result, we issued more equity awards in our class A common stock to compensate and retain our employees. In addition, we may pursue a disposition of our management agreement with CLNC, a potential transaction with CLNC to internalize its management, a sale of the management agreement to a third party or any other transaction the effect of which would be to dispose of the management agreement. If any such disposition transaction were consummated, it would result in us no longer serving as CLNC's external manager. To the extent CLNC continues, or any future publicly-traded managed companies determines, not to grant equity awards to us or our employees, either in the amounts historically granted, recommended by us or at all, or we cease to manage CLNC (as a result of a disposition transaction or otherwise) or any other publicly-traded company, we may continue to determine to increase the equity awards issued by our Company in order to compensate and retain our employees, which could hinder our ability to effectuate our cost savings initiatives, increase dilution to our stockholders and adversely impact our financial results.

Our ownership of approximately 36% of CLNC, on a fully diluted basis, subjects us to various risks, any of which could have a material adverse effect on our business and results of operations.

In connection with our contribution of the CLNY Contributed Portfolio (as described in Note 6 to the consolidated financial statements in Item 15 of this Annual Report), as of the date of this report, we own approximately 44.9 million shares of CLNC's class A common stock, which is listed on the NYSE, and approximately 3.1 million common membership units in CLNC's operating company ("CLNC OP Units"), which represent, in the aggregate, approximately 36% of CLNC's total outstanding shares on a fully diluted basis. The CLNC OP Units are redeemable for cash or class A common stock of CLNC, in CLNC's sole discretion. During 2020, there was substantial volatility in CLNC's trading price, with its class A common stock trading between $14.01 and $2.46 per share. With increasing uncertainty over the extent and duration of the COVID-19 pandemic, and the timeline for a recovery in the U.S economy, the Company recognized an $275 million other-than-temporary impairment on its CLNC investment in the second quarter 2020. The foregoing impairment was in addition to the $228 million other-than-temporary impairment on its CLNC investment recognized in the second quarter 2019. At December 31, 2020, the carrying value of our CLNC investment was $385 million, or $8.04 per share, while the trading price of CLNC's stock was $7.50 per share. If CLNC's class A common stock continues to trade below our current carrying value for a prolonged period of time, an other-than-temporary impairment may be recognized in the future.

Although we are the external manager to CLNC and have three representatives on CLNC's board of directors who are our current and former members of our senior management team, our role as manager is under the supervision and direction of CLNC's board of directors, which has a total of seven members, a majority of whom are independent. Therefore, the value of our investment is subject to the strategies and management decisions of the CLNC board of directors as a whole, as well as the trading price of CLNC's class A common stock on the NYSE.

In addition, in connection with our digital transformation, we may pursue a disposition of our management agreement with CLNC, which may include without limitation a potential transaction with CLNC to internalize its management, a sale of the management agreement to a third party or any other transaction the effect of which would be to dispose of the management agreement. If any such disposition transaction were consummated, it would result in us no longer serving as CLNC's external manager. If we are no longer CLNC's manager or we no longer have any representatives on CLNC's board of directors, whether as a result of a disposition transaction or otherwise, the value of our investment would be solely dependent on the strategies and management decisions of the CLNC board of directors and, if applicable, a third party manager.

Moreover, CLNC owns and expects to continue to originate, acquire, finance and manage a diversified portfolio of commercial real estate debt and net lease real estate investments predominantly in the United States. As a result, our investment in CLNC exposes us to the same risks that we are subject to as a result of our other equity and debt segment, as further described in "Risk Factors—Risks Related to Our Other Equity and Debt Business." If any of the foregoing risks were to occur, our investment in CLNC could decline in value and our results of operations could be materially and adversely affected.

Risks Related to Our Other Equity and Debt Business

Our commercial real estate equity, debt and mortgage loans underlying our commercial real estate securities investments are subject to the risks typically associated with commercial real estate ("CRE").

Our CRE equity, debt and securities investments are subject to the risks typically associated with real estate, including:

- 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;
- lack of liquidity inherent in the nature of the asset;
- tenant/operator mix and the success of the tenant/operator business;
- the ability and willingness of tenants/operators/managers to maintain the financial strength and liquidity to satisfy their obligations to us and to third parties;

- reliance on tenants/operators/managers to operate their business in a sufficient manner and in compliance with their contractual arrangements with us;
- ability and cost to replace a tenant/operator/manager upon default;
- property management decisions;
- 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, including escalations in such expenses;
- 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 environmental laws or 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 our 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 the return that we can realize from our assets, as well as ability of our borrowers to pay their loans and the ability of the borrowers on the underlying loans securing our securities to pay their loans.

Our existing mezzanine loan assets and those that we may originate or acquire in the future are subject to greater risks of loss than senior loans secured by income-producing properties.

We currently own interests in mezzanine loans and may, subject to maintaining our qualification as a REIT, originate or acquire additional mezzanine loans (or interests in mezzanine loans). Mezzanine loans take the form of subordinated loans secured by junior participations in mortgages or second mortgages on the underlying property, or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. These types of assets involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property, because the loan may be foreclosed on by the senior lender. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. Where debt senior to our loan exists, the presence of intercreditor arrangements between the holder of the senior mortgage loan and us, as the mezzanine lender, may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies and control decisions made in bankruptcy proceedings relating to borrowers. As a result, we may not recover some or all of our investment, which could result in losses. In addition, even if we are able to foreclose on the underlying collateral following a default on a mezzanine loan, we would replace the defaulting borrower and, to the extent income generated on the underlying property is insufficient to meet outstanding debt obligations on the property, we may need to commit substantial additional capital to stabilize the property and prevent additional defaults to lenders with remaining liens on the property. Significant losses related to our current or future mezzanine loans could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

Regulatory Risks

Extensive regulation in the United States and abroad affects our activities, increases the cost of doing business and creates the potential for significant liabilities and that could adversely affect our business and results of operations.

Our business is subject to extensive regulation, including periodic examinations by governmental agencies and self-regulatory organizations in the jurisdictions in which we operate around the world. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations and state securities commissions in the United States, are empowered to grant, and in specific circumstances to cancel, permissions to carry on particular activities, and to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses and memberships. For example, in recent years the SEC and several states have initiated investigations alleging that certain private equity firms and hedge funds, or agents acting on their behalf, have paid money to current or former government officials or their associates in exchange for improperly soliciting contracts with the state pension funds (i.e., “ pay to play” practices). Such “pay to play” practices are subject to extensive federal and state regulation, and any failure on our part to comply with rules surrounding “pay to play” practices could expose us to significant penalties and reputational damage. Even if an investigation or proceeding does not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the costs incurred in responding to such matters could be material and the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing investors or fail to gain new investors or discourage others from doing business with us.

In addition, we regularly rely on exemptions from various requirements of the Securities Act, the Exchange Act, the 1940 Act, the Commodity Exchange Act and ERISA in conducting our investment activities in the United States. Similarly, in conducting our investment activities outside the United States, we rely on available exemptions from the regulatory regimes of various foreign jurisdictions. These exemptions from regulation within the United States and abroad are sometimes highly complex and may, in certain circumstances, depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to regulatory action or third party claims and our business could be materially and adversely affected. Moreover, the requirements imposed by our regulators are designed primarily to ensure the integrity of the financial markets and to protect investors in our funds and are not designed to protect our stockholders. Consequently, these regulations often serve to limit our activities and impose burdensome compliance requirements.

It is difficult to determine the full extent of the impact on us of any new laws, regulations or initiatives that may be proposed or whether any of the proposals will become law. Any changes in the regulatory framework applicable to our business, including the changes as a result of, among others, the Dodd-Frank Wall Street Reform and Consumer Protection Act, may impose additional costs on us, require the attention of our senior management or result in limitations on the manner in which we conduct our business. In 2018, several changes were made to the Dodd-Frank Act, including the repeal of certain provisions that eased restrictions on small and medium-sized banks of the Dodd-Frank Act. It is expected that the Biden administration will reverse a number of U.S. President Trump’s policies, includes those that relate to deregulation, and will increase the number of financial regulators as current vacancies in the bureaucracy are prioritized and filled under the new administration. Furthermore, we may become subject to additional regulatory and compliance burdens as we expand our product offerings and investment platform, including raising additional funds. Moreover, as calls for additional regulation have increased as a result of heightened regulatory focus in the financial industry, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our managed companies. Compliance with any new laws or regulations could make compliance more difficult and expensive, affect the manner in which we conduct our business and adversely affect our profitability.

Failure to maintain our exemption from registration under the 1940 Act could require us to register as an investment company or substantially change the way we conduct our business, either of which may have an adverse effect on us and the market price for shares of our class A common stock.

We intend to conduct our operations so that we and our subsidiaries are not required to register as investment companies under the 1940 Act. Compliance with the 40% asset test under the 1940 Act and maintenance of applicable exemptions require that we subject our business to certain limitations on investment and activities. Continuing qualification for exemption from registration under the 1940 Act will limit our ability to make certain investments or change the relevant mix of our investments.

If we fail to maintain our exemption from registration as an investment company under the 1940 Act, either because of changes in SEC guidance or otherwise, we could be required to, among other things: (i) substantially change the manner in which we conduct our operations to avoid being required to register as an investment company under the 1940 Act; or (ii) register as an investment company. Either of (i) or (ii) could have an adverse effect on us and the market price for shares of our class A common stock. If we are required to register as an investment company under the 1940 Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the 1940 Act), portfolio composition, including restrictions with respect to diversification and industry concentration and other matters.

Regulation of a subsidiary of our company under the Investment Advisers Act subjects us to the anti-fraud provisions of the Investment Advisers Act and to fiduciary duties derived from these provisions.

We have subsidiaries that are registered with the SEC as investment advisers under the Investment Advisers Act. As a result, we are subject to the anti-fraud provisions of the Investment Advisers Act and to fiduciary duties derived from these provisions that apply to our relationships with our managed companies. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our managed companies' investors and our investments, including, for example, restrictions on agency, cross and principal transactions. We or our registered investment adviser subsidiaries will be subject to periodic SEC examinations and other requirements under the Investment Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate to, among other things, maintaining an effective and comprehensive compliance program, recordkeeping and reporting requirements and disclosure requirements. The Investment Advisers Act generally grants the SEC broad administrative powers, including the power to limit or restrict an investment adviser from conducting advisory activities in the event it fails to comply with federal securities laws. Additional sanctions that may be imposed for failure to comply with applicable requirements under the Investment Advisers Act include the prohibition of individuals from associating with an investment adviser, the revocation of registrations and other censures and fines.

Regulation regarding climate change may adversely affect our financial condition and results of operations.

Changes in federal and state legislation and regulations on climate change could result in utility expenses and/or capital expenditures to improve the energy efficiency of our existing properties or other related aspects of our properties in order to comply with such regulations or otherwise adapt to climate change. These regulations may require unplanned capital improvements, and increased engagement to manage occupant energy use, which is a large driver of building performance. If our properties cannot meet performance standards, we could be exposed to fines for non-compliance, as well as a decrease in demand and a decline in value. As a result, our financial condition and results of operations could be adversely affected.

Risks Related to Taxation

Our qualification as a REIT involves complying with highly technical and complex provisions of the Code.

We elected to be taxed as a REIT under the U.S. federal income tax laws commencing with our taxable year ended December 31, 2017. Our qualification as a REIT involves the application of highly technical and complex provisions of the Code for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. New legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT.

Our qualification as a REIT depends on our ongoing satisfaction of certain gross asset, gross income, organizational, distribution, stockholder ownership and other requirements:

- Our compliance depends upon the characterization of our assets and income for REIT purposes, as well as the relative values of our assets, some of which are not susceptible to a precise determination and for which we typically do not obtain independent appraisals. Moreover, we invest in certain assets with respect to which the rules applicable to REITs may be particularly difficult to interpret or to apply, including certain of our target digital infrastructure and real estate assets. If the IRS challenged our treatment investments for purposes of the REIT asset and income tests, and if such a challenge were sustained, we could fail to qualify as a REIT.
- The fact that we own direct or indirect interests in several REITs, each a Subsidiary REIT, further complicates the application of the REIT requirements for us. Each Subsidiary REIT is subject to the various REIT qualification requirements that are applicable to us and certain other requirements. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to regular U.S. federal corporate income tax, (ii) our interest in such Subsidiary REIT would cease to be a qualifying asset for purposes of the REIT asset tests, and (iii) it is possible that we would fail certain of the REIT asset tests, in which event we also would fail to qualify as a REIT unless we could avail ourselves of relief provisions.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to U.S. federal corporate income tax on our taxable income at the regular corporate rate, and dividends paid to our stockholders would not be deductible by us in computing our taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could have an adverse impact on the value of our class A Common Stock. In addition, we would no longer be required to make distributions to stockholders. Unless we were entitled to relief under certain Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year in which we failed to qualify as a REIT.

Complying with REIT requirements may force us to forgo and/or liquidate otherwise attractive investment opportunities.

To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually and that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. Compliance with these limitations, particularly given the nature of some of our digital and other investments (including international investments and certain hedging transactions), may hinder our ability to acquire, optimally finance, or maintain ownership of otherwise attractive investments. To maintain or REIT qualification we could sell be required to sell assets more quickly and on less favorable terms than in a sale not required for REIT qualification.

Our ownership of assets and conduct of operations through our TRSs is limited and involves certain risks for us.

Consistent with the REIT qualification requirements, we acquire and own significant assets through our TRSs, including our investment management business. Our TRSs generally will be subject to U.S. federal income tax, and/or applicable foreign, state and local tax. Only their after-tax net income is available for distribution to us and our stockholders. The REIT rules limit our use of TRSs, including as follows:

- No more than 20% of the value of our gross assets may consist of stock or securities of one or more TRSs and no more than 25% of our gross income can consist of dividend, non-mortgage interest income, or gain from our TRSs securities.
- A 100% excise tax applies to certain amounts related to transactions involving a TRS and its parent REIT that are not priced on an arm's-length basis.
- Our leases of hotel and healthcare property leases with our TRSs must be respected as true leases for U.S. federal income tax purposes and must not be treated as service contracts, joint ventures or some other type of arrangement in order for us to qualify as a REIT and our TRSs must not directly or indirectly operate hotels or healthcare property.

We are mindful of these limitations and analyze and structure the income and operations of our TRSs to mitigate these costs and risks to us to the extent practicable, but we may not always be successful in all cases.

The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

Our Charter provides that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if the board determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and we generally would no longer be required to distribute any of our net taxable income to our stockholders, which could adversely affect the attractiveness and value of our Common Stock.

There is a risk of changes in the tax law applicable to REITs.

The IRS, the United States Treasury Department and Congress frequently review U.S. federal income tax legislation, regulations and other guidance. We cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect our taxation or our stockholders. We urge you to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our stock. Although REITs generally receive certain tax advantages compared to entities taxed as non-REIT “C” corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for us to elect to be treated for U.S. federal income tax purposes as a non-REIT “C” corporation.

The REIT distribution requirements apply only if we have taxable income and, if we are required to make distributions, we will have less cash available to execute our business plan.

We generally must distribute annually at least 90% of our “REIT taxable income” (subject to certain adjustments and excluding any net capital gain) in order to qualify as a REIT, and any REIT taxable income that we do not distribute will be subject to U.S. corporate income tax at regular rates. If we do not have REIT taxable income or to the extent we utilize loss carryovers from prior years to reduce REIT taxable income, we will not be required to make distributions to shareholders.

We may generate taxable income greater than our income for financial reporting purposes prepared in accordance with GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. As a result of both the requirement to distribute 90% of our REIT taxable income each year (and to pay tax on any REIT taxable income that we do not distribute) and the fact that our taxable income could exceed our cash income, we may find it difficult to meet the REIT distribution requirements in certain circumstances while also having adequate cash resources to execute our business plan. In particular, where we experience differences in timing between the recognition of taxable income and the actual receipt of cash, the requirement to distribute a substantial portion of our taxable income could cause us to: (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, or (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt in order to comply with REIT requirements. These alternatives could increase our costs, reduce our equity, and/or result in stockholders being taxed on distributions of shares of stock without receiving cash sufficient to pay the resulting taxes. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could adversely affect the value of our Common Stock.

Dividends payable by REITs do not qualify for the preferential tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to "qualified dividend income" paid by non-REIT "C" corporations to U.S. stockholders that are individuals, trusts and estates generally is 20%, whereas ordinary income dividends payable by REITs to those U.S. stockholders generally are not eligible for the 20% rate. Although the reduced rates applicable to dividend income from non-REIT "C" corporations do not adversely affect the taxation of REITs or dividends payable by REITs, it could cause investors who are non-corporate taxpayers to perceive investments in REITs to be relatively less attractive than investments in the shares of non-REIT "C" corporations that pay dividends, which could adversely affect the value of our Common Stock.

We might elect to distribute our common stock in a taxable distribution in order to satisfy the REIT distribution requirements, in which case stockholders may sell shares of our common stock to pay tax on such distributions, placing downward pressure on the market price of our common stock.

To make required REIT distributions and preserve cash, we might elect to make taxable distributions that are payable partly in cash and partly in shares of our common stock. If we made a taxable dividend payable in cash and shares of our common stock, taxable stockholders receiving such distributions will be taxed on the full amount of the distribution that otherwise would be a dividend for tax purposes, even though part is paid in stock. If we made a taxable dividend payable in cash and our common stock and a significant number of stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

Even if we continue to qualify as a REIT, we may face other tax liabilities that reduce our cash available for distribution to stockholders.

We are subject to U.S. federal and state income tax (and any applicable non-U.S. taxes) on the net income earned by our TRSs. Our TRSs generally are expected to have material assets and income. In addition, we have substantial operations and assets outside of the U.S. that are subject to tax in those countries, which are not likely to generate an offsetting credit for taxes in the U.S. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from assets or activities that we undertake after foreclosing on our tenants or borrowers, and state or local income, property and transfer taxes, such as mortgage recording taxes. In addition, if we have net income from “prohibited transactions,” that income will be subject to a 100% tax. In general, “prohibited transactions” are sales or other dispositions of property, other than foreclosure property held primarily for sale to customers in the ordinary course of business. Finally, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. Any of these taxes would decrease cash available for distribution to our stockholders.

Our ability to use our tax benefits could be substantially limited if we experience an “ownership change”

Our net operating loss (“NOL”) carryforwards and certain recognized built-in losses may be limited by Sections 382 and 383 of the Code if we experience an “ownership change.” In general, an “ownership change” occurs if 5% shareholders increase their collective ownership of the aggregate amount of the outstanding shares of our company by more than 50 percentage points looking back over the relevant testing period. If an ownership change occurs, our ability to use our NOLs and certain recognized built-in losses to reduce our REIT distribution requirements or taxable income in a future year would be limited to a Section 382 limitation equal to the fair market value of our stock immediately prior to the ownership change multiplied by the long-term tax-exempt interest rate in effect for the month of the ownership change. The determination of whether an ownership change has occurred or will occur is complicated and depends on changes in percentage stock ownership among shareholders. Therefore, no assurance can be provided as to whether an ownership change has occurred or will occur in the future

We will be subject to corporate income tax on the sale of assets acquired from or previously held by a non-REIT “C” corporation within five years of our acquisition of those assets or our becoming a REIT.

If a REIT previously was a non-REIT “C” corporation, or it acquires any asset from a non-REIT “C” corporation, or a corporation that generally is subject to full corporate-level tax, in a merger or other transaction in which it acquires a basis in the asset that is determined by reference either to the non-REIT “C” corporation’s basis in the asset or to another asset, the REIT generally will pay tax at the highest regular corporate rate applicable if it recognizes gain on the sale or disposition of the asset during the five-year period after it becomes a REIT or it acquires the asset. Built-in gain on assets held by NSAM as of January 1, 2017, remain subject to this REIT-level tax through the end of 2021.

We may incur adverse tax consequences if Colony or NRF were to have failed to qualify as a REIT for U.S. federal income tax purposes prior to the Mergers.

In connection with the closing of the Mergers, we received an opinion of counsel to each of Colony and NRF to the effect that it qualified as a REIT for U.S. federal income tax purposes under the Code through the time of the Mergers. Neither Colony nor NRF, however, requested a ruling from the Internal Revenue Service (the “IRS”) that it qualified as a REIT. If, notwithstanding these opinions, Colony’s or NRF’s REIT status for periods prior to the Mergers were successfully challenged, we would face serious adverse tax consequences (ranging from corporate tax liability to loss of REIT status for past and future years) that would substantially reduce our Core FFO, including cash available to pay dividends to our stockholders.

We could be subject to increased taxes if the tax authorities in various international jurisdictions were to modify tax rules and regulations on which we have relied in structuring our international investments.

We currently receive favorable tax treatment in various international jurisdictions through tax rules, regulations, tax authority rulings, and international tax treaties. Should changes occur to these rules, regulations, rulings or treaties, we may no longer receive such benefits, and consequently, the amount of taxes we pay with respect to our international investments may increase.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located in Boca Raton, Florida, where we lease approximately 17,000 square feet of office space. We also lease office space for the remaining 13 corporate locations across the U.S., Europe, Asia and Latin America. We believe that our offices are suitable and adequate for conducting our business.

Information regarding our investment properties is included in Schedule III. Real Estate and Accumulated Depreciation in Item 15. "Exhibits and Financial Statement Schedules" and in Item 7. "Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segments" of this Annual Report.

Item 3. Legal Proceedings.

The information set forth under "Litigation" in Note 22 to the consolidated financial statements in Item 15 of this Annual Report is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our class A common stock is traded on the NYSE under the symbol "CLNY."

On February 22, 2021, there were 2,541 holders of our class A common stock and one holder of our class B common stock (which, in each case, does not reflect the beneficial ownership of shares held in nominee name).

Distributions

Holders of our common stock are entitled to receive distributions if and when the board of directors authorizes and declares distributions. The board of directors has not established any minimum distribution level. In order to maintain our qualification as a REIT, we intend to pay dividends to our stockholders that, on an annual basis, will represent at least 90% of our taxable income (which may not necessarily equal net income as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding any net capital gains. No distributions can be paid on our class A and class B common stock unless we have paid all cumulative dividends on our Series G, Series H, Series I and Series J preferred stock. Under the current terms of our amended credit facility, we are restricted from paying common dividends other than to maintain our status as a REIT or to reduce income tax payments. We will continue to monitor our financial performance and liquidity position, and as economic conditions improve, we will reevaluate our dividend policy in consultation with our revolver lending group. We cannot assure our stockholders that we will make any future distributions.

Dividends paid to stockholders, for income tax purposes, represent distributions of ordinary income, capital gains, return of capital or a combination thereof. The following table presents the income tax treatment of dividends per share of common and preferred stock.

	Common Stock [1]	Preferred Stock [2][3]						
		Series B	Series D	Series E	Series G	Series H	Series I	Series J
2020								
Return of capital [4]	$ 0.22	NA	NA	NA	$ 1.87	$ 1.78	$ 1.79	$ 1.78
2019								
Ordinary income	$ 0.14	$ 0.84	NA	$ 0.89	$ 0.76	$ 0.72	$ 0.73	$ 0.72
Capital gains	0.20	1.22	NA	1.30	1.11	1.06	1.06	1.06
Return of capital [4]	0.10	—	NA	—	—	—	—	—
Total	$ 0.44	$ 2.06	NA	$ 2.19	$ 1.87	$ 1.78	$ 1.79	$ 1.78
2018								
Ordinary income	$ 0.05	$ 0.97	$ 0.63	$ 1.03	$ 0.66	$ 0.63	$ 0.63	$ 0.63
Capital gains	0.06	1.09	0.71	1.16	0.74	0.71	0.71	0.71
Return of capital [4]	0.22	—	—	—	—	—	—	—
Total	$ 0.33	$ 2.06	$ 1.34	$ 2.19	$ 1.40	$ 1.34	$ 1.34	$ 1.34

(1) Common stock dividends declared in November 2018 and 2019 and paid in January 2019 and 2020, respectively, were considered distributions in the year paid for federal income tax purposes. In 2020, the Company suspended dividends on its class A common stock beginning with the second quarter of 2020.

(2) During the year ended December 31, 2018, we redeemed all of Series D preferred stock. In December 2019, we redeemed the remaining Series B and all of Series E preferred stock, with the redemptions settled in January 2020.

(3) Distributions on the Company's Series G, H, I and J preferred stock that were declared in November 2017, 2018 and 2019 and paid in January 2018, 2019 and 2020, respectively, were considered distributions in the year paid for federal income tax purposes.

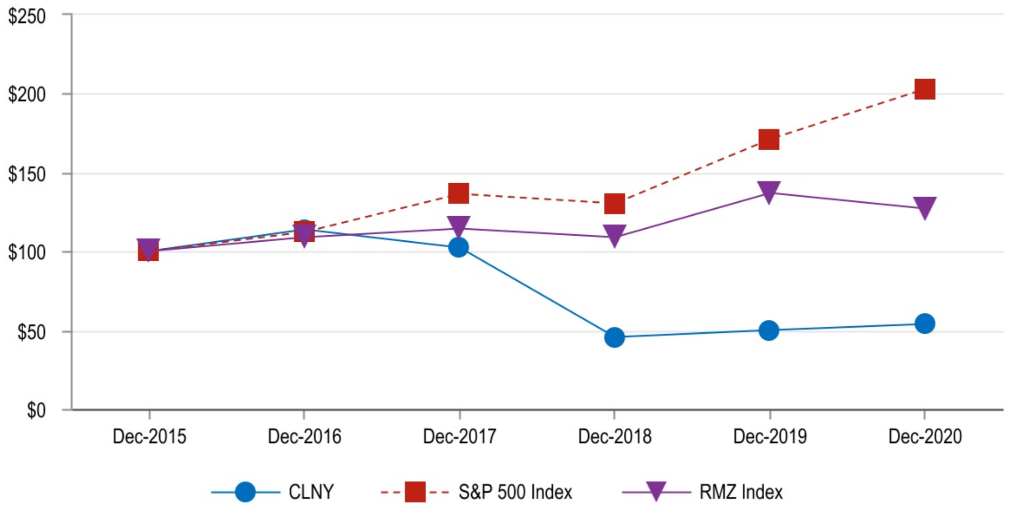
(4) Represents dividends paid in excess of our current and accumulated earnings and profit ("E&P"), which is a tax-based measure calculated by making adjustments to taxable income for items that are treated differently for E&P purposes. A return of capital reduces the basis of a stockholder's investment in our common stock in 2018 and 2019 and in both our common stock and preferred stock in 2020 to the extent of such basis. Distributions of return of capital dividends in excess of a shareholder's basis are treated as capital gains.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Redemption of Membership Units in OP ("OP Units")—Holders of OP Units have the right to require the OP to redeem all or a portion of their OP Units for cash or, at our option, shares of our class A common stock on a one-for-one basis. In the fourth quarter of 2020, in satisfaction of redemption request by an employee OP Unit holder, we issued 2,000,000 shares of our class A common stock to a charitable organization. Such shares of class A common stock were issued in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

Stock Performance Graph

The following graph compares the cumulative total return on our class A common stock with the cumulative total returns on the Standard & Poor's 500 Composite Stock Price Index (the "S&P 500 Index") and the MSCI US REIT Index, comprising equity REITs ("RMZ Index") from December 31, 2015 to December 31, 2020. Our stock prices prior to the Merger represent our share prices pre-Merger adjusted to give effect to the exchange ratio of one share of our common stock for 1.4663 shares of the common stock of the Company post-Merger. The graph assumes an investment of $100 in our common stock and each of the indices on December 31, 2015 and the reinvestment of all dividends. The cumulative total return on our class A common stock as presented is not necessarily indicative of future performance.



Item 6. Selected Financial Data.

Selected Quarterly Financial Information (Unaudited)

Quarterly periods prior to the third quarter of 2020 reflect the reclassification of our hotel business from continuing to discontinued operations.

For the three months ended	2020				2019			
(In thousands, except per share data)	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Statements of Operations Data:								
Total revenues	$ 338,844	$ 316,677	$ 286,733	$ 294,340	$ 299,113	$ 359,000	$ 269,507	$ 279,203
Loss from continuing operations	(287,182)	(184,216)	(1,890,720)	(102,119)	(426,666)	(591,496)	(479,724)	(20,466)
Income (loss) from discontinued operations	(18,948)	(177,014)	(828,273)	(301,938)	1,358,394	25,654	(4,922)	(9,689)
Net income (loss)	(306,130)	(361,230)	(2,718,993)	(404,057)	931,728	(565,842)	(484,646)	(30,155)
Net loss attributable to Colony Capital, Inc.	(122,059)	(187,267)	(2,024,274)	(342,159)	(4,263)	(527,816)	(441,752)	(74,976)
Net loss attributable to common stockholders	(140,575)	(205,784)	(2,042,790)	(361,633)	(26,251)	(554,953)	(468,890)	(102,113)
Per Share Data:								
Loss from continuing operations per share:								
Basic	$ (0.24)	$ (0.22)	$ (2.90)	$ (0.25)	$ (0.86)	$ (1.16)	$ (0.96)	$ (0.18)
Diluted	(0.24)	(0.22)	(2.90)	(0.25)	(0.86)	(1.16)	(0.96)	(0.18)
Income (loss) from discontinued operations per share:								
Basic	(0.06)	(0.22)	(1.43)	(0.51)	0.80	0.00	(0.02)	(0.03)
Diluted	(0.06)	(0.22)	(1.43)	(0.51)	0.80	0.00	(0.02)	(0.03)
Net loss attributable to common stockholders per share:								
Basic	(0.30)	(0.44)	(4.33)	(0.76)	(0.06)	(1.16)	(0.98)	(0.21)
Diluted	(0.30)	(0.44)	(4.33)	(0.76)	(0.06)	(1.16)	(0.98)	(0.21)
Dividends per common share [1]	—	—	—	0.11	0.11	0.11	0.11	0.11

[1] The Company suspended dividends on its class A common stock beginning with the second quarter of 2020.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included in "Item 15. Exhibits and Financial Statement Schedules" of this Annual Report.

Significant Developments

During 2020 and through the date of this filing, significant developments affecting our business and results of operations included the following, in addition to the effects of COVID-19 as discussed throughout this Annual Report.

In summary, we have stabilized our capital structure and strengthened our liquidity profile, accelerated our digital transformation through executed and planned divestiture of non-digital assets, and redeployed capital into growing our digital balance sheet, combined with successful fund raising of $7.4 billion of third party capital in our digital investment management business.

Liquidity

We addressed near-term corporate maturities and enhanced our long-term capital structure and liquidity profile as follows:

- We amended our Credit Agreement in June 2020 and exercised our first 6-month extension option in December 2020. As a result, our borrowing capacity under the facility was reduced to $450 million (which will be further reduced to $400 million on March 31, 2021), and we were provided with greater financial covenant flexibility and more borrowing base credit for digital investments. The facility is scheduled to expire in July 2021, with one remaining 6-month extension option. At this time, we expect to either exercise our second extension option or otherwise replace the existing credit facility.

- In July 2020, we issued $300 million of exchangeable senior notes maturing in July 2025, bearing interest at 5.75% per annum, and have since repaid $402.5 million of convertible notes due in January 2021. As a result, we have no corporate debt maturities (other than our corporate credit facility) until 2023.

Path to Digital

Strategic Partnership in Our Digital Investment Management Business

- In July 2020, we formed a strategic partnership with affiliates of Wafra, Inc. (collectively, "Wafra") in which Wafra made an investment representing an approximate 31.5% interest in substantially all of our digital investment management business (as defined for the purpose of this transaction, the “Digital IM Business”). Wafra paid consideration of $254 million for its investment in the Digital IM Business and for warrants issued by the Company to Wafra (assuming the consideration excludes the warrants, this implies an approximately $805 million valuation of the Digital IM Business). Wafra has agreed to assume certain of the Company's existing commitments made to DCP I and to make commitments to DCP II and to the Company’s initial digital credit fund, in an aggregate amount of at least $130 million. Wafra has also agreed to make commitments to the Company's future digital funds and investment vehicles on a pro rata basis with the Company based on Wafra's percentage interest in the Digital IM Business, subject to certain caps. Wafra's investment provides us with permanent capital to pursue strategic digital infrastructure investments and grow the Digital IM Business.

Investment in Hyperscale Data Centers

- In July 2020 and following an additional investment in October 2020, the Company, alongside fee bearing third party capital, invested $1.36 billion for approximately 90% equity interest in entities that hold Vantage Data Centers' ("Vantage") portfolio of 12 stabilized hyperscale data centers in North America and $2.0 billion of secured indebtedness (the “Vantage SDC”). Our balance sheet investment is $197 million, representing a 13% equity interest. Vantage SDC is our second significant balance sheet investment in a digital operating business and achieves our transformation goals on two fronts, the rotation of our balance sheet to digital assets and growing our digital investment management business.

DataBank's Strategic Investment

- In December 2020, our DataBank subsidiary closed on its acquisition of zColo, the colocation assets of Zayo Group Holdings, Inc. ("Zayo"), consisting of 39 data centers in the U.S and U.K., for approximately $1.2 billion through a combination of debt and equity financing, including $0.5 billion of third party co-invest capital raised by us and a $188 million investment from our balance sheet (decreased to approximately $145 million upon raising of additional third party capital in February 2021 which maintains our 20% interest in DataBank). Acquisition of zColo's remaining five data centers in France for $33.0 million closed in February 2021. The acquisition of zColo accelerates DataBank's edge and hybrid cloud strategy, complements its existing relationships and significantly expands its geographic footprint to a national scale in strategically important data center markets.

Digital Colony Partners II or DCP II

- In February 2021, we held a closing of DCP II, our second digital opportunistic fund, with total callable commitments of $4.2 billion, inclusive of $120 million of our commitments as general partner and limited partner.

Non-Digital Assets

- In September 2020, we entered into a definitive agreement to sell five of the six hotel portfolios in our Hospitality segment and our 55.6% interest in the THL Hotel Portfolio in the Other segment, with closing expected in the first half of 2021. The transaction is valued at approximately $2.8 billion, including gross aggregate selling price of $67.5 million and acquirer's assumption of $2.7 billion of investment-level debt (of which OP share is approximately $2.3 billion).
- In February 2020, we sold our equity investment in RXR Realty, LLC for proceeds of $179 million, net of tax, recording a gain of $97 million, net of tax.
- In April 2020, we recapitalized a co-investment venture which holds common equity in the Albertsons supermarket chain, generating $73 million of proceeds to us and realizing our share of gain of approximately $30 million, which allowed us to harvest approximately 70% of the expected eventual value upfront.
- In August 2020, we conveyed to a lender 36 properties in our senior housing operating portfolio, which served as underlying collateral, in satisfaction of $157.5 million of outstanding wellness infrastructure debt.

- In December 2020, we sold our 51% interest in the bulk industrial portfolio to our joint venture partner, and received approximately $85 million in aggregate of net equity proceeds and distributions that we expect to redeploy into future digital assets.
- During 2020, we recognized approximately $3.5 billion ($2.6 billion attributable to OP) of impairment charges and unrealized and realized fair value losses on our non-digital assets, a majority of which was driven by our accelerated timeline to digital transformation. The following amounts were recorded in impairment loss, other loss, equity method losses, and within impairment loss in discontinued operations on the statement of operations:
  - $2.0 billion ($1.5 billion attributable to OP) impairment on real estate and related asset group, primarily hotel and wellness infrastructure properties, based upon (i) shortened hold period assumptions on the assets, primarily driven by the Company's accelerated digital transformation and further exacerbated by a decline in property operating performance and market values as a result of the economic effects of COVID-19, and (ii) recoverable value from sale of the THL Hotel Portfolio;
  - $594 million impairment of goodwill in the Other Investment Management segment, driven by acceleration of the Company's digital transformation and a significant reduction in the value of its non-digital balance sheet assets;
  - $275 million impairment on our equity investment in CLNC as the shortfall in market value over carrying value of our CLNC investment was not expected to be recovered in the near term;
  - $296 million ($97 million attributable to OP) of impairment and fair value decreases on other equity method investments, generally reflecting a decrease in recoverable values based upon revised exit strategies in light of our accelerated digital transformation and the economic effects of COVID-19; and
  - $324 million ($77 million attributable to OP) of net unrealized and realized losses on loans receivable carried at fair value as recoverability is affected by increasing uncertainty and deterioration in the economic environment arising from the effects of COVID-19.

Results of Operations

The following table summarizes our results from continuing operations by reportable segment.

Excluded are discontinued operations (Note 16 to the consolidated financial statements) which generated loss from discontinued operations attributable to Colony Capital, Inc. of $1.0 billion in 2020 and $79.1 million in 2018, and income from discontinued operations attributable to Colony Capital, Inc. of $360.9 million in 2019.

(In thousands)	Total Revenues			Income (Loss) from Continuing Operations			Income (Loss) Attributable to Colony Capital, Inc. from Continuing Operations		
Year Ended December 31,	2020	2019	2018	2020	2019	2018	2020	2019	2018
Digital Operating	$ 313,283	$ 6,039	$ —	$ (130,818)	$ (691)	$ —	$ (19,784)	$ (124)	$ —
Digital Investment Management	84,420	34,368	—	9,793	48,942	3,971	9,196	44,808	3,738
Digital Other	4,160	—	—	35,922	(4,465)	1,984	23,261	(4,026)	1,868
Wellness Infrastructure	527,176	582,139	592,455	(754,709)	(243,688)	(283,516)	(503,925)	(183,510)	(199,277)
Other	293,538	570,042	570,238	(1,373,552)	(880,972)	82,572	(916,861)	(869,453)	(43,705)
Amounts not allocated to segments	14,017	14,235	9,239	(250,873)	(437,478)	(222,974)	(218,636)	(397,352)	(203,100)
	$ 1,236,594	$ 1,206,823	$ 1,171,932	$ (2,464,237)	$ (1,518,352)	$ (417,963)	$ (1,626,749)	$ (1,409,657)	$ (440,476)

Selected Balance Sheet Data

The following table summarizes key balance sheet data by reportable segment, excluding $3.9 billion of real estate held for disposition and $3.5 billion of debt to be assumed by the counterparties upon disposition, including debt under receivership.

	Real Estate, net		Loans Receivable [1]		Equity and Debt Investments		Debt, net	
(In thousands)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Digital Operating	$ 4,451,865	$ 846,393	$ 5,070	$ —	$ —	$ —	$ 3,213,240	$ 539,155
Digital Investment Management	—	—	—	—	19,167	1,059	—	—
Digital Other	—	—	31,727	—	377,048	46,832	—	—
Wellness Infrastructure	3,338,085	4,433,825	47,232	48,270	—	—	2,700,806	2,910,032
Other	937,970	937,978	1,211,308	1,518,058	1,337,522	2,262,172	1,103,131	1,218,417
Amounts not allocated to segments	—	—	—	—	3,742	3,742	772,561	850,314
Total	$ 8,727,920	$ 6,218,196	$ 1,295,337	$ 1,566,328	$ 1,737,479	$ 2,313,805	$ 7,789,738	$ 5,517,918

[1] Carried at fair value upon adoption of fair value option on January 1, 2020.

Consolidated Results of Operations

A comparative discussion of our consolidated results of operations for 2020 and 2019 is presented below.

Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2019 Annual Report on Form 10-K for comparative discussion of our consolidated results of operations for 2019 and 2018. In September 2020, our hotel business qualified as discontinued operations. The operating results of our hotel business for all periods presented have been recast as income from discontinued operations on the consolidated statements of operations. Additionally, beginning the third quarter of 2020, we disaggregated the Digital segment into three digital reportable segments, and aggregated the non-digital segments of CLNC, OED and Other IM into a single Other reportable segment. The operating results by segment have been recast for all prior periods presented. The discussion of our consolidated results of operations for 2019 and 2018 in our 2019 Form 10-K should be read in conjunction with Item 15. "Exhibits and Financial Statement Schedules" in this Annual Report, specifically the consolidated statement of operations, Note 16. Discontinued Operations and Note 23. Segment Reporting.

(In thousands)	Year Ended December 31, 2020	2019	Change
Revenues			
Property operating income	$ 936,160	$ 737,364	$ 198,796
Interest income	80,471	166,765	(86,294)
Fee income	177,755	223,915	(46,160)
Other income	42,208	78,779	(36,571)
Total revenues	1,236,594	1,206,823	29,771
Expenses			
Property operating expense	423,716	333,354	90,362
Interest expense	310,454	306,809	3,645
Investment and servicing expense	62,529	60,646	1,883
Transaction costs	5,966	3,607	2,359
Depreciation and amortization	431,443	307,594	123,849
Provision for loan loss	—	35,880	(35,880)
Impairment loss	1,473,997	1,086,530	387,467
Compensation expense—cash and equity-based	246,938	209,504	37,434
Compensation expense—carried interest and incentive fee	(8,437)	16,564	(25,001)
Administrative expenses	110,210	89,906	20,304
Settlement loss	5,090	—	5,090
Total expenses	3,061,906	2,450,394	611,512
Other income (loss)			
Gain on sale of real estate	25,986	62,003	(36,017)
Other loss, net	(211,084)	(194,106)	(16,978)
Equity method losses	(455,840)	(140,384)	(315,456)
Equity method earnings (losses)—carried interest	(8,026)	11,682	(19,708)
Loss before income taxes	(2,474,276)	(1,504,376)	(969,900)
Income tax benefit (expense)	10,039	(13,976)	24,015
Loss from continuing operations	(2,464,237)	(1,518,352)	(945,885)
Income (loss) from discontinued operations	(1,326,173)	1,369,437	(2,695,610)
Net loss	(3,790,410)	(148,915)	(3,641,495)
Net income (loss) attributable to noncontrolling interests:			
Redeemable noncontrolling interests	616	2,559	(1,943)
Investment entities	(812,547)	990,360	(1,802,907)
Operating Company	(302,720)	(93,027)	(209,693)
Net loss attributable to Colony Capital, Inc.	(2,675,759)	(1,048,807)	(1,626,952)
Preferred stock redemption	—	(5,150)	5,150
Preferred stock dividends	75,023	108,550	(33,527)
Net loss attributable to common stockholders	$ (2,750,782)	$ (1,152,207)	(1,598,575)

Property Operating Income and Property Operating Expenses

(In thousands)	Year Ended December 31, 2020	2019	Change
Property operating income:			
Digital Operating	$ 312,883	$ 6,038	$ 306,845
Digital Other	45	—	45
Wellness Infrastructure	517,186	577,669	(60,483)
Other	106,046	153,657	(47,611)
	$ 936,160	$ 737,364	198,796
Property operating expenses:			
Digital Operating	$ 119,729	$ 2,197	$ 117,532
Digital Other	105	—	105
Wellness Infrastructure	249,357	260,374	(11,017)
Other	54,525	70,783	(16,258)
	$ 423,716	$ 333,354	90,362

Digital Operating—Amounts represent income from data center leases and related services, and associated operating expenses from acquisitions of DataBank in December 2019, Vantage SDC in July 2020 and zColo in December 2020.

Digital Other—Amounts reflect activities from investments warehoused in the third quarter of 2020. These investments were transferred to DCP II in December 2020.

Wellness Infrastructure—Property operating income decreased $60.5 million, of which $56.2 million is attributed to the conveyance of a 36 property senior housing operating portfolio to the lender in August 2020, and sales of 25 and six net lease properties in 2019 and 2020, respectively. Other factors contributing to the decrease include: (i) a decline in occupancy across our senior housing operating portfolio due to restrictions on new admissions in an effort to contain COVID-19; (ii) restructuring of leases which resulted in lower rental income; (iii) an acceleration of above- and below-market lease intangibles due to the conversion of a senior housing net lease portfolio to a senior housing operating portfolio which had higher property operating income in 2019; and (iv) less recovery of previously recognized uncollectable rents and lease termination fees based on assessment of collectability. These decreases were partially offset by a gross-up of resident fee income in 2020 following the conversion of six properties from a net lease portfolio to a senior housing operating portfolio and contractual rent step-ups.

Property operating expenses decreased $11.0 million. The conveyance of the senior housing operating portfolio to the lender and the disposition of properties as noted above reduced expenses by $25.2 million, absent which property operating expenses would have increased $14.2 million. The increase was driven by a gross up of expenses following the net lease to senior housing operating conversion of six properties and incremental costs incurred in our senior housing operating facilities in response to COVID-19. The incremental COVID-19 related costs were partially abated by government stimulus funding under the CARES Act Provider Relief Fund, reflected in other income.

Refer to further discussion in "*—Segment Results—Wellness Infrastructure.*"

Other—Property operating income and expenses decreased $47.6 million and $16.3 million, respectively, driven primarily by sales of properties in our European portfolio and U.S. multi-tenant offices, and the economic effects of COVID-19 negatively affecting rental income.

Interest Income

Interest income decreased $86.3 million, attributed to loans placed on nonaccrual in 2020 as the COVID-19 crisis has led to increased uncertainty over collectability, and loan payoffs and sales over time.

Fee Income

Fee income is earned from the following sources:

(In thousands)	Year Ended December 31, 2020	2019	Change
Digital Investment Management segment			
Institutional funds and other investment vehicles	$ 83,356	$ 33,095	$ 50,261
Other segment			
Institutional funds and other investment vehicles	45,730	49,093	(3,363)
Public companies (CLNC, and NRE prior to its sale in September 2019)	29,739	118,049	(88,310)
Non-traded REIT	17,170	19,896	(2,726)
Other	1,760	3,782	(2,022)
Subtotal—Other segment	94,399	190,820	(96,421)
	$ 177,755	$ 223,915	(46,160)

Digital Investment Management—Fee income was $50.3 million higher as 50% of fees from DCP I in 2019 was recognized as equity method income from our Digital Colony Manager ("DCM") joint venture, prior to consolidation of DCM upon acquisition of DBH in July 2019. 2020 also includes fees from co-investment capital raised for the acquisitions of Zayo by DCP I in March 2020 and Vantage SDC in July 2020, and the initial close of DCP II in mid-November 2020.

Other—Fee income from the non-digital investment management business decreased $96.4 million, driven by the following:

- 2019 had included termination fee of $64.6 million, inclusive of $21.5 million of incentive fees, and management fees of $11.5 million from NorthStar Realty Europe ("NRE"), previously a publicly-traded REIT managed by us that was sold in September 2019 with concurrent termination of our management agreement;
- approximately $12.0 million decrease in fees from CLNC due to a lower stockholders' equity fee base;
- $2.6 million decrease in fees from NorthStar Healthcare based on a lower net asset value ("NAV") fee base; and
- continuing liquidation of credit and opportunistic funds.

Other Income

Other income decreased $36.6 million, attributed primarily to (i) $29.2 million gross-up of other income and compensation expense related to NRE equity awards and other cash compensation paid by NRE to employees in connection with the NRE sale in 2019; and (ii) reversal of other income and compensation expense on CLNC equity awards resulting from the remeasurement of those awards at fair value based upon CLNC's stock price at each reporting period (refer to Note 19 to the consolidated financial statements in Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report for a description of the accounting treatment of managed company awards).

Interest Expense

(In thousands)	Year Ended December 31, 2020	2019	Change
Investment-level financing:			
Digital Operating	$ 77,976	$ 1,272	$ 76,704
Digital Investment Management	—	3,230	(3,230)
Wellness Infrastructure	138,182	192,621	(54,439)
Other	37,400	54,814	(17,414)
Corporate-level debt	56,896	54,872	2,024
	$ 310,454	$ 306,809	3,645

Net increase in interest expense of $3.6 million is attributed to the following:

Digital Operating—Amount represents interest expense on debt financing our data center business of DataBank, Vantage SDC and zColo acquired in December 2019, July 2020 and December 2020, respectively. This included prepayment penalties incurred upon refinancing of the Vantage SDC assumed debt through a new securitization in October 2020, partially offset by the write-off of debt premium in connection with the securitization.

Digital Investment Management—Interest expense in 2019 was related to borrowings on our corporate credit facility to partially finance the DBH acquisition in July 2019, with such borrowings repaid in December 2019 using proceeds from sale of the industrial business.

Wellness Infrastructure—Interest expense was $54.4 million lower as a result of: (i) debt repayment upon certain sales of net lease properties; (ii) conveyance of underlying collateral to lender in satisfaction of $157.5 million of outstanding debt principal in August 2020; (iii) decrease in LIBOR on debt which is predominantly variable rate; and (iv) interest expense recognized from the write-off of debt discount and prepayment penalties incurred in connection with a June 2019 refinancing. These decreases were partially offset by interest expense recognized from amortization of deferred financing costs incurred in connection with the June 2019 refinancing.

Other—Interest expense decreased $17.4 million, primarily due to debt repayments from sale of investments.

Corporate-level Debt—Interest expense increased $2.0 million as a result of writing off a portion of deferred financing costs on our corporate credit facility to reflect a reduction in borrowing capacity in June 2020, along with a higher average outstanding balance on the facility, and new exchangeable notes issued in July 2020. This increase was partially offset by the effect of lower LIBOR on our junior subordinated debt, partial repurchase of our convertible notes in the third quarter of 2020 and lower unused fees on our credit facility in 2020.

Investment and Servicing Expense

Investment and servicing costs were $1.9 million higher, attributed primarily to the write-off of investment deposit and third party fees related to investments in our other equity and debt portfolio, and management fees paid to Vantage for the day-to-day operations of Vantage SDC. These increases were largely offset by higher costs in 2019 related to refinancing of our wellness infrastructure debt, settlement of a litigation claim associated with our European investments, unconsummated deal costs and bad debt expense.

Transaction Costs

Transaction costs in 2020 represent primarily fees incurred for advisory services in connection with our corporate debt strategy, partial repurchase of the 3.875% convertible notes and corporate initiatives related to our non-digital business. In 2019, transaction costs were related primarily to our acquisitions of DBH, DataBank and the Latin American investment management business of The Abraaj Group (renamed Colony Latam).

Depreciation and Amortization

Increase in depreciation and amortization expense is attributed primarily to real estate and intangible assets from acquisitions of DBH in July 2019, DataBank in December 2019, Vantage SDC in July 2020 and zColo in December 2020. The increase was partially offset by decreases due to the effects of lower real estate basis after impairment charges, sales or held-for-sale classification of non-digital assets, termination of the NRE management contract in September 2019 and write-down of the NorthStar Healthcare management contract.

Impairment Loss

	Year Ended December 31,		
(In thousands)	2020	2019	Change
Digital Investment Management	$ 3,832	$ —	$ 3,832
Wellness Infrastructure	716,501	187,341	529,160
Other	732,417	898,540	(166,123)
Unallocated	21,247	649	20,598
	$ 1,473,997	$ 1,086,530	387,467
Impairment loss attributable to OP	$ 1,212,361	$ 984,237	

Impairment charges on real estate and goodwill are discussed further in Notes 4 and 7, respectively, to the consolidated financial statements in Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report.

Digital Investment Management—Impairment reflects reduced cash flows from the original Vantage management contract, replaced by a new fee stream from third party capital raised in connection with the acquisition of Vantage SDC from its existing owners.

Wellness Infrastructure—In 2020, impairment was recognized on wellness infrastructure assets resulting primarily from shortened hold period assumptions, attributable to both the Company's accelerated digital transformation, and in contemplation of debt that was at risk of default. These assumptions resulted in a shortfall in projected future cash flows, which was further exacerbated by a decline in property operating performance and market values as a result of the economic effects of COVID-19, such that the carrying value of these assets would not be recoverable. Additional impairment was also recorded on two skilled nursing portfolios that were sold in 2020 and unrecoverable losses from property damage.

Impairment in 2019 arose from shortened hold period assumptions on a senior housing operating portfolio and a net lease property, a negotiated purchase option exercised by a tenant on three hospitals, and offers received on certain net lease properties.

Other—Impairment was lower in our Other IM business but higher in our OED portfolio.

In our Other IM business, impairment of $594.0 million in 2020 and $788.0 million in 2019 reflect the write-down of goodwill. This was driven by the acceleration of the Company's digital transformation and a significant reduction in the value of its non-digital balance sheet assets beginning in the fourth quarter of 2019 through 2020. The 2019 write-down also reflects the loss of future fee income from sale of the industrial business and a reduction in CLNC's fee base consistent with its reduced book value. Additionally, the NorthStar Healthcare management contract was impaired by $3.6 million in 2020 and $8.6 million in 2019 based upon a lower NAV fee base.

Within our other equity and debt portfolio, impairment was $134.8 million in 2020, an increase of $34.2 million compared to 2019. This was driven by impairment on U.S. net lease properties, attributed primarily to shortened hold period assumptions due to the Company's accelerated digital transformation or risk of default on non-recourse investment level debt; and/or the economic effects of COVID-19 on property operating cash flows and market values.

Unallocated—Impairment of $9.4 million was recorded on office operating leases in the fourth quarter of 2020 as the Company determined there is a reduced need for office space based upon the Company's current operations. 2020 also included impairment on the corporate aircraft to reflect its recoverable value. The aircraft was sold to a third party in January 2021.

Compensation Expense

The following table provides the components of compensation expense.

	Year Ended December 31,		
(In thousands)	2020	2019	Change
Cash compensation and benefits	$ 210,715	$ 143,709	$ 67,006
Equity-based compensation	34,156	29,899	4,257
Incentive and carried interest compensation	(8,437)	16,564	(25,001)
	236,434	190,172	46,262
Compensation grossed up in income and expense			
NRE related cash compensation	—	3,576	(3,576)
Equity-based compensation—CLNC and NRE (prior to September 2019) awards	2,067	32,320	(30,253)
	2,067	35,896	(33,829)
Total compensation expense	$ 238,501	$ 226,068	12,433

Total compensation expense was $12.4 million higher, attributed primarily to full year of compensation cost associated with DBH and DataBank which were acquired in July 2019 and December 2019, respectively, and higher retention costs in 2020. These increases were largely offset by (i) $51.4 million of incremental compensation in 2019 in connection with NRE equity awards, including awards that accelerated upon the sale of NRE, along with retention and termination payments, and incentive compensation; (ii) reversals in accrued carried interest compensation as minimum return hurdles were no longer met following fair value decreases in investments held by sponsored vehicles; (iii) reversal of compensation on CLNC equity awards in 2020 as a result of remeasurement at fair value based upon CLNC's stock price; and (iv) decrease in compensation cost following the Company's cost reduction initiative and sale of NRE in September 2019.

Administrative Expenses

Administrative expense was $20.3 million higher, largely attributable to higher insurance, legal and professional service costs, and a full year of administrative costs incurred by DBH and DataBank which were acquired in July and December 2019, respectively.

Settlement Loss

Amount represents the initial fair value of the settlement arrangement with Blackwells, when it was reached in March 2020, plus the reimbursement of Blackwells' legal costs. Refer to additional discussion in Note 12 to the consolidated financial statements in Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report.

Gain on Sale of Real Estate

There were higher gains in 2019 from sales of our European properties and U.S. multi-tenant office buildings.

Gain on sale of $8.5 million in 2020 and $20.7 million in 2019 were attributable to OP.

Equity Method Earnings (Losses)

	Year Ended December 31,		
(In thousands)	2020	2019	Change
Digital Investment Management (including carried interest income of $12,709 and $0)	$ 13,039	$ 7,112	$ 5,927
Digital Other	22,548	(4,465)	27,013
Other (including carried interest reversal of $20,735 and income of $11,682)	(499,453)	(131,349)	(368,104)
	$ (463,866)	$ (128,702)	(335,164)

Digital Investment Management—Earnings represent primarily (i) gross unrealized carried interest in 2020 from a digital investment vehicle, attributed to a higher valuation of its investment in Zayo, of which the Company ultimately shares in 15%, net of carried interest compensation and noncontrolling interests; and (ii) through July 25, 2019, fee income from DCM, the manager of DCP funds which was co-owned with DBH, prior to its consolidation upon acquisition of DBH.

Digital Other—Amount represents our share of earnings from our interest in DCP I and beginning March 31, 2020, from investments held by our digital liquid securities strategy.

Other—We recorded other-than-temporary impairment on our investment in CLNC of $274.7 million and $227.9 million in the second quarters of 2020 and 2019, respectively.

Excluding the CLNC impairment, equity method losses of $224.8 million in 2020 compared to earnings of $96.6 million in 2019, arose from (i) $270.3 million of higher impairment and fair value decreases (under the fair value option), generally reflecting a decrease in recoverable values based upon revised exit strategies in light of our accelerated digital transformation and the economic effects of COVID-19; (ii) our share of investee net losses or decreases in earnings; and (iii) reversal of unrealized carried interest allocation. The losses in 2020 were partially offset primarily by $106.1 million gain from sale of our equity investment in RXR Realty. Additionally, basis difference of $83.9 million in 2020 and $141.1 million in 2019 was applied to reduce our share of net loss from CLNC (refer to Note 6 to the consolidated financial statements in Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report for further discussion on CLNC).

Other Loss, Net

We recognized other net loss of $211.1 million in 2020 and $194.1 million in 2019, driven primarily by the following:

2020

- $323.7 million ($77.4 million attributable to OP) of net unrealized and realized losses on loans receivable carried at fair value as recoverability is affected by increasing uncertainty and deterioration in the economic environment arising from the effects of COVID-19 (fair value option was elected on loans receivable beginning 2020);
- $24.7 million of unrealized credit losses on CRE debt securities; and
- $20.4 million increase in the settlement liability to Blackwells, driven by an increase in the CLNY stock price; partially offset by:
- realized gain of $60.7 million and recognition of future profit allocation at fair value of $66.0 million ($32.3 million attributable to OP) from recapitalization in April 2020 of our co-investment venture which holds common equity in the Albertsons supermarket chain, followed by $16.0 million unrealized gain from subsequent increase in share price.

2019

- realized and unrealized loss totaling $239.3 million on a non-designated interest rate swap that was intended to hedge future refinancing risk on certain wellness infrastructure mortgage debt. Such debt was refinanced in June 2019 and the swap was terminated at the end of 2019; partially offset by:
- $51.4 million gain from remeasurement of our 50% interest in DCM upon closing of the DBH acquisition (Note 3 to the consolidated financial statements).

Income Tax Benefit (Expense)

We recognized income tax benefit of $10.0 million in 2020 and income tax expense of $14.0 million in 2019.

The income tax benefit is attributed primarily to deferred tax benefit recognized in connection with our DataBank subsidiary and our OED portfolio, partially offset by the following: (i) valuation allowance established against deferred tax assets in our wellness infrastructure business due to uncertainties in future realization of net operating losses; (ii) income tax expense on a gain from sale of our equity investment in RXR Realty in February 2020; and (iii) deferred tax expense related to our wellness infrastructure business due to revaluation of deferred tax balances necessitated by a change in income tax rates in U.K.

The income tax expense in 2019 arose primarily from gains recognized on remeasurement of our preexisting interest in DCM upon the acquisition of DBH and from the sale of the industrial management platform.

Income (Loss) from Discontinued Operations

(In thousands)	Year Ended December 31, 2020 Hotel	Industrial	Total	Year Ended December 31, 2019 Hotel	Industrial	Total	Change Hotel	Industrial
Revenues								
Property operating income	$ 573,787	$ 20,217	$ 594,004	$ 1,119,045	$ 346,431	$ 1,465,476	$ (545,258)	$ (326,214)
Fee income	—	—	—	—	11,646	11,646	—	(11,646)
Interest and other income	185	79	264	486	5,163	5,649	(301)	(5,084)
Revenues from discontinued operations	573,972	20,296	594,268	1,119,531	363,240	1,482,771	(545,559)	(342,944)
Expenses								
Property operating expense	489,975	5,993	495,968	757,555	93,440	850,995	(267,580)	(87,447)
Interest expense	157,287	6,665	163,952	228,729	91,863	320,592	(71,442)	(85,198)
Investment and servicing expense	16,811	20	16,831	17,612	658	18,270	(801)	(638)
Transaction costs	4,500	—	4,500	—	—	—	4,500	—
Depreciation and amortization	144,499	2,340	146,839	182,198	106,470	288,668	(37,699)	(104,130)
Impairment loss	1,107,133	—	1,107,133	59,913	—	59,913	1,047,220	—
Compensation expense—cash and equity-based	4,395	82	4,477	5,322	29,791	35,113	(927)	(29,709)
Compensation expense—carried interest	—	(489)	(489)	—	35,170	35,170	—	(35,659)
Administrative expenses	2,937	1,199	4,136	2,252	6,089	8,341	685	(4,890)
Expenses from discontinued operations	1,927,537	15,810	1,943,347	1,253,581	363,481	1,617,062	673,956	(347,671)
Other income (loss)								
Gain on sale of real estate	—	15,936	15,936	913	1,457,892	1,458,805	(913)	(1,441,956)
Other gain (loss), net	9,732	—	9,732	804	1,338	2,142	8,928	(1,338)
Equity method earnings (losses), including carried interest	—	(115)	(115)	—	41,258	41,258	—	(41,373)
Income (loss) from discontinued operations before income taxes	(1,343,833)	20,307	(1,323,526)	(132,333)	1,500,247	1,367,914	(1,211,500)	(1,479,940)
Income tax benefit (expense)	(2,662)	15	(2,647)	(27)	1,550	1,523	(2,635)	(1,535)
Income (loss) from discontinued operations	(1,346,495)	20,322	(1,326,173)	(132,360)	1,501,797	1,369,437	(1,214,135)	(1,481,475)
Income (loss) from discontinued operations attributable to:								
Noncontrolling interests in investment entities	(172,419)	10,651	(161,768)	(20,758)	989,358	968,600	(151,661)	(978,707)
Noncontrolling interests in Operating Company	(116,350)	955	(115,395)	(9,404)	49,391	39,987	(106,946)	(48,436)
Income (loss) from discontinued operations attributable to Colony Capital, Inc.	$ (1,057,726)	$ 8,716	$ (1,049,010)	$ (102,198)	$ 463,048	$ 360,850	(955,528)	(454,332)

Hotel

Discontinued operations of the hotel business represent our Hospitality segment and the THL Hotel Portfolio that was previously reported in the Other segment.

Loss from discontinued operations increased $1.21 billion, attributable to the following:

- Impairment loss was $1.1 billion in 2020. Impairment resulted principally from shortened hold period assumptions, attributable to both the Company's accelerated digital transformation, and the risk that the Company is unable to obtain accommodation from lenders on non-recourse mortgage debt that is in default. These assumptions resulted in a shortfall in projected future cash flows, which was further exacerbated by a decline in property operating performance and market values as a result of the economic effects of COVID-19, such that the carrying value of the hotel assets would not be recoverable. Additional impairment was recorded based upon pending sales price net of selling costs.

  In comparison, $59.9 million of impairment was recorded in 2019 on hotel assets based upon shortened hold period assumptions, unfavorable operating performance, or based upon final net proceeds from sales.

- Operating losses in 2020 reflect the loss of net income from sale of hotel properties in 2019 and the economic effects of COVID-19. There was a significant decline in room demand with average occupancy at 52% in 2020 compared to 73% in 2019. This was further compounded by lower average daily rate ("ADR"), resulting in a 40% decline in revenue per available room ("RevPAR") compared to 2019.

- Transaction costs in 2020 are related to fees for advisory and legal services in connection with debt refinancing, portfolio restructuring and pending sale of the hotels.
- The higher income tax expense is attributed to valuation allowance established against deferred tax assets in the hotel portfolio as a result of uncertainties in future realization of net operating losses and taking into consideration a decrease in the value of these properties.
- The increase in loss from discontinued operations was partially offset by:
  - Decrease in interest expense, driven by a decline in LIBOR on predominantly variable rate debt on our hotel portfolio, partially offset by additional hotel debt obtained in connection with debt refinancing in 2019 and higher deferred financing costs expensed as a result of the refinancing;
  - Decrease in depreciation and amortization expense due to a lower basis on our hotel properties after significant impairment charges in 2020 and cessation of depreciation on hotels held for sale beginning fourth quarter of 2020, partially offset by capital improvements and fixed asset additions in our hotel properties that were completed throughout 2019 and early 2020; and
  - Write-off of contingent liability on the THL Hotel Portfolio (recorded as other gain) as it is no longer probable that such payment would be made to a former preferred equity holder following the adverse effects of COVID-19 on the operations and performance of the THL Hotel Portfolio.

Industrial

Results of discontinued operations in 2020 represent (i) operations of the bulk industrial portfolio prior to its sale in December 2020 and a gain on sale recorded based upon depreciated carrying values; and (ii) final adjustments to proceeds from the December 2019 sale of the light industrial portfolio upon release of escrowed funds, which resulted in a loss of $7.4 million, including corresponding effect on carried interest and related compensation.

In addition to operating results from the light and bulk industrial portfolios, 2019 saw (i) significant gains from sale of the light industrial portfolio in December 2019 of approximately $1.5 billion (of which $0.9 billion was attributed to noncontrolling interests in investment entities) and $9.4 million from the associated management platform; along with (ii) recognition of significant carried interest of $69.0 million ($40.6 million as equity method earnings and $28.4 million as disproportionate allocation to the Company from noncontrolling interests in investment entities), of which approximately $35.2 million was allocated to certain employees as compensation expense.

Assets Under Management and Fee Earning Equity Under Management

Below is a summary of our third party AUM and FEEUM for our digital and other investment management business.

			AUM [(1)] (In billions)		FEEUM [(2)] (In billions)	
Type	**Products**	**Description**	**December 31, 2020**	**December 31, 2019 [(3)]**	**December 31, 2020**	**December 31, 2019 [(3)]**
Digital Investment Management segment						
Institutional Funds	Digital Colony Partners opportunistic strategy	Earns base management fees and potential for carried interest	$ 9.3	$ 4.3	$ 7.0	$ 3.8
	Liquid securities strategy		0.5	—	0.4	—
Other Investment Vehicles	Digital real estate and infrastructure held by portfolio companies and co-invest vehicles	Earns base management fees, business service fees and potential for carried interest	18.8	9.2	5.4	3.0
Subtotal—Digital IM			**28.6**	**13.5**	**12.8**	**6.8**
Other segment						
Institutional Funds	Credit funds, opportunistic funds, value-add funds and other co-investment vehicles	Earns base and asset management fees from all managed funds; potential for carried interest from sponsored funds	7.4	8.5	4.6	5.6
Retail Companies	NorthStar Healthcare	Earns base management fees and potential for carried interest	3.4	3.4	0.7	1.2
Public Companies	Colony Credit Real Estate, Inc.[(4)]	NYSE-listed credit REIT Earns base management fees and potential for incentive income	2.6	3.5	1.9	2.2
Subtotal—Other segment			**13.4**	**15.4**	**7.2**	**9.0**
Total Company			**$ 42.0**	**$ 28.9**	**$ 20.0**	**$ 15.8**

(1) Assets for which the Company and its affiliates provide investment management services, including assets for which the Company may or may not charge management fees and/or performance allocations. AUM is based on the cost basis of managed investments as reported by each underlying vehicle as of the end of the reporting period and includes uncalled capital commitments. The Company's calculations of AUM may differ from other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers.

(2) Equity for which the Company and its affiliates provide investment management services and derive management fees and/or incentives. FEEUM generally represents the basis used to derive fees, which may be based upon invested equity, stockholders' equity, or fair value, pursuant to the terms of each underlying investment management agreement. The Company's calculation of FEEUM may differ from other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers.

(3) Effective June 30, 2020, we no longer include the Company's share of AUM and FEEUM managed by third party asset managers in which we have an equity interest. AUM and FEEUM for December 31, 2019 have been revised to conform to the current definition.

(4) Represents third party ownership share of CLNC's pro rata share of total assets, excluding consolidated securitization trusts.

- Total third party FEEUM increased $4.2 billion to $20.0 billion at December 31, 2020.
  - Digital FEEUM—There was a $6.0 billion or 88% increase in our digital FEEUM as we successfully raised $7.4 billion of third party capital in 2020, attributed primarily to the first closing of DCP II, co-investment vehicles for the acquisition of Vantage SDC and Zayo, and our digital liquid securities strategy. Zayo, a provider of bandwidth infrastructure services in the United States and Europe, was formerly a publicly-traded company that was taken private through the acquisition by DCP I and its co-investors.
  - Other FEEUM—The increase above was partially offset by a $1.8 billion decrease in non-digital FEEUM as a result of lower asset values across our non-digital investment vehicles and continued liquidation of the institutional funds.

Segments

The following discussion summarizes key information on our reportable segments.

Digital Investment Management ("Digital IM")

This business encompasses the investment and stewardship of third party capital in digital infrastructure and real estate. The Company's flagship opportunistic strategy is conducted through DCP and separately capitalized vehicles while other strategies, including digital credit and public equities, will be or are conducted through other investment vehicles. The Company earns management fees, generally based on the amount of assets or capital managed in investment vehicles, and have the potential to earn carried interest based on the performance of such investment vehicles subject to achievement of minimum return hurdles.

Strategic Partnership in Our Digital Investment Management Business

In July 2020, we formed a strategic partnership with Wafra in which Wafra made an investment representing an approximate 31.5% interest in substantially all of our digital investment management business or the Digital IM Business, as defined for the purpose of this transaction. Wafra paid consideration of $254 million for its investment in the Digital IM Business and for warrants issued by the Company to Wafra (assuming the consideration excludes the warrants, this implies an approximately $805 million valuation of the Digital IM Business). Wafra has agreed to assume certain of the Company's existing commitments made to DCP I and to make commitments to DCP II and to the Company's initial digital credit fund, in an aggregate amount of at least $130 million. Wafra has also agreed to make commitments to the Company's future digital funds and investment vehicles on a pro rata basis with the Company based on Wafra's percentage interest in the Digital IM Business, subject to certain caps. Wafra's investment provides us with permanent capital to pursue strategic digital infrastructure investments and grow the Digital IM Business.

DCP II

In February 2021, we held a closing of DCP II, our second digital opportunistic fund, with total callable commitments of $4.2 billion, inclusive of $120 million of our commitments as general partner and limited partner.

Fee Earning Equity Under Management

We successfully raised $7.4 billion of third party capital in 2020, which increased our Digital IM FEEUM by $6.0 billion to $13 billion at December 31, 2020. Refer to discussion in "—*Assets Under Management and Fee Earning Equity Under Management.*"

Operating Performance

Results of operations of our Digital IM segment are as follows:

(In thousands)	Year Ended December 31, 2020	2019
Total revenues	$ 84,420	$ 34,368
Net income	9,793	48,942
Net income attributable to Colony Capital, Inc.	9,196	44,808

- Prior to July 2019, our Digital IM segment generated only equity method earnings from our 50% interest in DCM, the investment manager of DCP. DCM was consolidated upon acquisition of DBH in July 2019 and our existing interest in DCM was remeasured at fair value, resulting in a gain of $51.4 million ($39.3 million net of tax) in 2019.
- Refer to "—*Consolidated Results of Operations—Fee Income*" for a discussion of fee income. Fee income from our Digital IM business is trending positively in 2020, with fees from new co-invest capital raised for various acquisitions during the year and the initial close of DCP II in mid-November 2020. Operating margins, however, have seen a decline as we ramp up resources to support future investment product offerings, along with bonus accrual for the outperformance of key digital targets, particularly the successful first closing of DCP II.

Digital Operating

This business is composed of balance sheet equity interests in digital infrastructure and real estate operating companies, which generally earn rental income from providing use of space and/or capacity in or on digital assets through leases, services and other agreements. The Company currently owns interests in two companies: DataBank, an edge colocation data center business that acquired zColo's edge business in December 2020; and Vantage SDC. Both DataBank and Vantage are also portfolio companies, managed under Digital IM for the equity interests owned by third party capital.

Significant Developments

We deployed $342 million of capital into growing our data center portfolio through two new acquisitions, Vantage SDC and zColo, while simultaneously raising $1.6 billion of third party capital to co-invest alongside our balance sheet. Including DataBank that was acquired in December 2019, this brings our Digital Operating balance sheet investment to $525 million to-date. We control and consolidate all three acquisitions.

- *Investment in Hyperscale Data Centers*—In July 2020 and following an additional investment in October 2020, the Company, alongside third party investors, including fee bearing third party capital that the Company raised, invested $1.36 billion for approximately 90% equity interest in entities that hold Vantage's portfolio of 12 stabilized hyperscale data centers in North America and $2.0 billion of secured indebtedness, or Vantage SDC. Our balance sheet investment is $197 million, representing a 13% equity interest. Vantage SDC is our second significant balance sheet investment in a digital operating business and achieves our transformation goals on two fronts, the rotation of our balance sheet to digital assets and growing our digital investment management business.
- *DataBank Strategic Investment*—In December 2020, our DataBank subsidiary acquired zColo, Zayo's colocation assets, composed of 39 data centers in the U.S and U.K., for approximately $1.2 billion through a combination of debt and equity financing, including $0.5 billion of third party co-invest capital raised by us. Our balance sheet investment at December 31, 2020 was $188 million (decreased to approximately $145 million upon raising of additional third party capital in February 2021, which maintains our 20% equity interest in DataBank). Acquisition of zColo's remaining five data centers in France for $33.0 million closed in February 2021. The acquisition of zColo accelerates DataBank's edge and hybrid cloud strategy, complements its existing relationships and significantly expands its geographic footprint to a national scale in strategically important data center markets. Zayo will continue to be an anchor tenant within the zColo facilities and will become a significant customer of DataBank. With a long term agreement in place between Zayo and DataBank, the companies expect to collaborate closely in bringing colocation solutions to Zayo's fiber customers and private fiber network solutions to DataBank's colocation and cloud customers.

- *DataBank REIT Conversion*—Our DataBank subsidiary is currently in the process of restructuring its operations in order to operate as a REIT. As such, DataBank expects to elect to be taxed as a REIT for U.S. federal income tax purposes for the taxable year beginning January 1, 2021. As a REIT, DataBank would generally not be subject to U.S. federal income taxes on its taxable income to the extent that it annually distributes such taxable income to stockholders and maintains certain asset and income requirements of a REIT. However, DataBank would be subject to U.S. federal income taxes on income earned by any of its taxable subsidiaries.

Portfolio Overview

Our data center portfolio has grown significantly with our new acquisitions in 2020, and now span across 21 states in the U.S, with three in Canada and one in U.K.

	December 31, 2020	December 31, 2019
Number of data centers		
Owned	25	8
Leasehold	46	12
	71	20

Balance Sheet Information

The following table presents key balance sheet data of our Digital Operating segment:

(In thousands)	December 31, 2020	December 31, 2019
Real estate	$ 4,451,865	$ 846,393
Loan receivable	5,070	—
Debt	3,213,240	539,155

- The significant increases in real estate and debt balances at December 31, 2020 reflect the acquisitions of Vantage SDC and zColo, as described above.
- Loan receivable represents a loan originated by DataBank to an owner/operator of edge modular data centers.

Financing

At December 31, 2020, our data center business was financed by an aggregate $3.2 billion of outstanding debt principal, of which $2.1 billion is fixed rate debt and $1.1 billion is variable rate debt, bearing a combined weighted average interest rate of 3.69% per annum.

In October 2020 and February 2021, Vantage SDC and DataBank raised $1.3 billion and $657.9 million of securitized notes at blended fixed rates of 1.8% and 2.3%, with 6 years and 5 years maturity, respectively. In both instances, the proceeds were applied principally to refinance outstanding debt, which meaningfully reduced the overall cost of debt and extended debt maturities at Vantage SDC and DataBank.

Operating Performance

Results of operations of our Digital Operating segment are as follows.

	Year Ended December 31,	
(In thousands)	2020	2019
Total revenues	$ 313,283	$ 6,039
Net loss	(130,818)	(691)
Net loss attributable to Colony Capital, Inc.	(19,784)	(124)

- Operating results in 2020 include a full year of results for DataBank and partial year results from the acquisitions of Vantage SDC in July 2020 and zColo in mid-December 2020, while 2019 reflects operating results for DataBank subsequent to its acquisition in late December 2019.
- Net loss includes the effects depreciation and amortization expense and interest expense, including prepayment penalties related to a Vantage SDC refinancing in October 2020 as discussed in "*—Consolidated Results of Operations—Interest Expense.*"

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Earnings Before Interest, Tax, Depreciation and Amortization for Real Estate ("EBITDA*re*")

EBITDA*re* generated by our Digital Operating segment in 2020 is as follows. A reconciliation of the most directly comparable GAAP measure to EBITDA*re* is presented in "*—Non-GAAP Supplemental Financial Measures.*" EBITDA*re* for DataBank's 12 days of operations in 2019 was immaterial.

(In thousands)	Year Ended December 31, 2020
Total revenues	$ 313,283
Property operating expenses	(119,729)
Transaction, investment and servicing costs	(6,224)
Compensation and administrative expense	(51,125)
EBITDA*re*—Digital Operating	$ 136,205

Digital Other

This segment is composed of equity interests in digital investment vehicles, the largest of which is the Company's investment and commitment to the DCP flagship funds. This segment also includes the Company's investment and commitment to the digital liquid strategies and seed investments for future digital investment vehicles.

Balance Sheet Information

The following table presents key balance sheet data of our Digital Other segment:

(In thousands)	December 31, 2020	December 31, 2019
Loan receivable	$ 31,727	$ —
Equity investments		
DCP I	153,872	46,832
Digital liquid securities strategy	223,176	—

- Loan receivable represents the origination of a senior term loan to a U.K. broadband provider that is warehoused on our balance sheet for a future digital credit vehicle.
- Equity investments represent primarily:
  - our equity method interest in DCP I with additional fundings in 2020;
  - interests in previous OED investment vehicles that were reclassified into our digital liquid securities strategy effective March 31, 2020 (of which $102.7 million was liquidated in January 2021); and
  - marketable equity securities held by two consolidated open-end funds in our digital liquid securities strategy, which raised additional third party capital in 2020 (our interests in the consolidated funds range between 24% and 55%).
- As of December 31, 2020, we have funded $140 million of our $190 million commitment to DCP I (including our $1.8 million investment as general partner that is reflected as an equity method investment in the Digital IM segment). No capital has been called by DCP II to-date.

Operating Performance

Results of operations of our Digital Other segment are as follows:

	Year Ended December 31,	
(In thousands)	2020	2019
Interest income	$ 1,355	$ —
Equity method earnings (losses)	22,548	(4,465)
Other gain, net	12,211	—
Net income (loss)	35,922	(4,465)
Net income (loss) attributable to Colony Capital, Inc.	23,261	(4,026)

- Operating results of our Digital Other segment in 2019 represent only our interest in DCP I.
- In 2020, the operating results include unrealized fair value increases in i) investments held by DCP I as it ramps up its investing activities, notably its investment in Zayo (reflected in equity method earnings); and ii) marketable equity securities held by consolidated funds in the new digital liquid securities strategy (reflected in other gain).

Wellness Infrastructure

This segment is composed of a diverse portfolio of senior housing, skilled nursing facilities, medical office buildings, and hospitals. The Company earns rental income from senior housing, skilled nursing facilities and hospital assets that are under net leases to single tenants/operators and from medical office buildings which are both single tenant and multi-tenant. In addition, certain of the Company's senior housing properties are managed by operators under a RIDEA (REIT Investment Diversification and Empowerment Act) structure, which allows the Company to gain financial exposure to underlying operations of the facility in a tax efficient manner versus receiving contractual rent under a net lease arrangement.

We own between 69.6% and 81.3% of the various portfolios within our Wellness Infrastructure segment.

Portfolio Overview

Our wellness infrastructure portfolio is located across 30 states domestically and in the U.K. (representing 17% of our portfolio based upon NOI for the fourth quarter of 2020).

The following table presents key balance sheet data of our Wellness Infrastructure segment:

(In thousands)	December 31, 2020	December 31, 2019
Real estate		
Held for investment	$ 3,338,085	$ 4,433,825
Held for disposition	162,952	57,664
Debt	2,700,806	2,910,032

The following table presents selected operating metrics of our Wellness Infrastructure segment:

	Number of Properties	Capacity	Average Occupancy[1]	Average Remaining Lease Term (Years)
December 31, 2020				
Senior housing—operating [2]	53	4,756 units	72.8 %	N/A
Medical office buildings	106	3.8 million sq. ft.	82.4 %	4.7
Net lease—senior housing [2]	65	3,534 units	76.1 %	11.5
Net lease—skilled nursing facilities	83	9,713 beds	70.5 %	4.0
Net lease—hospitals	9	456 beds	64.9 %	9.8
Total	316			
December 31, 2019				
Senior housing—operating	83	6,388 units	86.5 %	N/A
Medical office buildings	106	3.8 million sq. ft.	82.2 %	4.8
Net lease—senior housing	71	4,039 units	80.7 %	11.5
Net lease—skilled nursing facilities	89	10,601 beds	82.7 %	5.8
Net lease—hospitals	9	456 beds	58.0 %	10.3
Total	358			

(1) Occupancy represents the property operator's patient occupancy for all types except medical office buildings. Average occupancy is based upon the number of units, beds or square footage by type of facility. Occupancy percentages are presented as follows: (i) as of the last day of the quarter for medical office buildings; (ii) average for the quarter for senior housing—operating; and (iii) average of the prior quarter for net lease properties as our operators report on a quarter lag.

(2) A portfolio of six senior housing properties were transitioned from net leases to operating properties in April 2020.

Conveyance to Lender

In August 2020, we indirectly conveyed the equity of certain of our wellness infrastructure borrower subsidiaries, comprising 36 properties in the senior housing operating portfolio with a carrying value of $161.6 million and $157.5 million of outstanding principal on previously defaulted debt, to an affiliate of the lender, which released us from all rights and obligations with respect to those assets and corresponding debt.

Dispositions

We sold two portfolios of net lease skilled nursing facilities, totaling six properties with 909 beds, and a land parcel in 2020, resulting in repayment of $51.5 million of associated debt.

A portfolio of skilled nursing facilities, composed of 11 properties totaling 1,515 beds, is currently held for disposition, with a carrying value of $152.7 million and encumbered with $75.2 million of outstanding debt principal. The Company expects to apply proceeds from the sale to repay the debt.

Financing

Our wellness infrastructure portfolio is financed by $2.7 billion of outstanding debt principal, of which $0.4 billion is fixed rate debt and $2.3 billion is variable rate debt, bearing a combined weighted average interest rate of 4.04% per annum at December 31, 2020. As of the date of this filing, debt with outstanding principal of $45.0 million was in default.

Operating Performance

Results of operations of our Wellness Infrastructure segment are as follows:

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Total revenues	$ 527,176	$ 582,139
Net loss	(754,709)	(243,688)
Net loss attributable to Colony Capital, Inc.	(503,925)	(183,510)

Operating results at the property level are discussed under NOI below. Results summarized above include the effects of interest expense from mortgage financing, impairment charges and depreciation and amortization expense on our wellness infrastructure portfolio, which are discussed in "—*Results of Operations.*"

There was a loss of earnings in 2020 from sales of net lease properties in 2019 and also as a result of the effects of COVID-19. Additionally, the operating results of our wellness infrastructure portfolio were affected by significant real estate impairment charges of $716.5 million in 2020 and $187.3 million in 2019, resulting in significant net losses during these periods.

Net Operating Income

NOI for our Wellness Infrastructure segment is derived as follows and reconciled to the most directly comparable GAAP measure in "—*Non-GAAP Supplemental Financial Measures.*"

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Total revenues	$ 527,176	$ 582,139
Straight-line rent and amortization of above- and below-market lease intangibles and ground lease ROU assets	(22,018)	(20,179)
Interest income	(100)	(31)
Other income	—	(336)
Property operating expenses	(249,357)	(260,374)
NOI—Wellness Infrastructure	$ 255,701	$ 301,219

NOI by type of wellness infrastructure portfolio is as follows:

($ in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	Change 2020 vs. 2019 $	Change 2020 vs. 2019 %
Senior housing—operating	$ 47,823	$ 65,077	$ (17,254)	(26.5)%
Medical office buildings	52,258	52,681	(423)	(0.8)%
Net lease				
Senior housing	54,066	60,859	(6,793)	(11.2)%
Skilled nursing facilities	93,366	102,527	(9,161)	(8.9)%
Hospitals	8,188	20,075	(11,887)	(59.2)%
NOI—Wellness Infrastructure	$ 255,701	$ 301,219	(45,518)	(15.1)%

NOI decreased $45.5 million in 2020, of which $29.8 million was attributed to the conveyance of 36 properties in a senior housing operating portfolio to the lender in August 2020, and sales of 25 net lease properties in 2019 and six in 2020. The remaining decrease in NOI is attributed primarily to (i) the effects of COVID-19 on our senior housing operating portfolio as resident fee income decreased due to a decline in occupancy while incremental operating costs were incurred, partially offset by government stimulus funding, as discussed further below; (ii) lower rental income from unfavorable restructuring of leases; and (iii) less recovery of previously recognized uncollectable rents and lease termination fees based on assessment of collectability.

Effects of COVID-19 on our Wellness Infrastructure Segment

Our first priority has been, and continues to be, the health and safety of the residents and staff at our communities. We remain focused on supporting our operating partners during this challenging time. Concurrently, we are actively managing capital needs and liquidity to mitigate the financial impact of COVID-19 on our wellness infrastructure business.

At this time, we understand from our operators and managers that our communities as a whole continue to experience a moderate level of confirmed COVID-19 cases. The incidence of confirmed cases in our portfolio will continue and could accelerate depending on the duration, scope and depth of COVID-19.

The COVID-19 vaccine rollout began in early January 2021. Our operators and tenants have coordinated, and continue to coordinate with the respective states and administering agents to set up on-site clinics at our communities to provide the vaccine to both residents and staff. Many states have classified independent living, assisted living, skilled nursing and memory care facilities as prioritized long-term care eligible for the vaccine. The rollout has been slower than expected. To date, the resident acceptance rate has been high. Staff acceptance, however, has been lower than many of our operators and tenants would have liked and they are implementing programs to support improving those efforts.

The effect of COVID-19 varies by asset class in the Company's wellness infrastructure portfolio. Specifically, efforts to address COVID-19 have in some cases forced temporary closures of medical offices, restricted the admission of new residents to senior housing facilities, especially in communities that have experienced infections, and caused incurrence of unanticipated costs and other business disruptions. The Company is directly impacted by these factors in its RIDEA assets, and indirectly impacted in its net leased assets as these factors influence tenants' ability to pay rent.

- In our medical office portfolio, beginning in April 2020, a number of tenants failed to make rent payments or make timely payments, and some sought more flexible payment terms or rent concessions as a result of the COVID-19 crisis. Local governments in certain jurisdictions have implemented or are considering implementing programs that permit or require forbearance of rent payments by tenants affected by COVID-19. The Company is currently engaged with affected tenants on a case-by-case basis to evaluate and respond to the current environment. The Company has agreed to provide the affected tenants with deferral of rent, generally for two to three months, with deferred rent to be repaid in monthly installments over periods of three to 18 months. This resulted in an increase in lease income receivable totaling approximately $0.2 million as of December 31, 2020. All lease income receivable, including straight-line rents, are subject to the Company's policy for evaluation of collectability based upon creditworthiness of the lessee.
- In our senior housing operating portfolio, statutory or self-imposed restrictions began to limit admission of new residents into our communities starting in March 2020 in an effort to contain COVID-19. Also, we continue to face challenges from existing communities that have experienced infections, heightened risk of resident and staff illness and resident move-outs, particularly in those communities that have experienced infections. There is typically a period of time where restrictions on admissions continue to be imposed in communities that have experienced infections until such time that infections are no longer detected. As a result, we anticipate a decline in occupancy to continue as the rate of resident move-outs continue to outpace new resident admissions. In addition, there have been other factors impacting our operators' ability to move in new residents, including: health and safety concerns of prospective new residents and their loved ones; restricted access to community dining, amenities and other lifestyle benefits; inability to tour communities in person; quarantine requirements upon initial move-in to a community; and limitations on families' ability to visit their loved ones.
- Operating costs in our senior housing operating portfolio have risen as our healthcare operators take action to protect their residents and staff, specifically higher labor costs, as well as higher usage and cost of personal protective equipment, and medical and sanitation supplies. We incurred $12.2 million of such incremental costs, of which $6.0 million was abated through income received from government stimulus funding under the CARES Act Provider Relief Fund.
- Our senior housing net leased portfolio and skilled nursing net leased portfolio have experienced similar challenges. In addition, for our skilled nursing portfolio, the deferral of elective surgeries has also impacted occupancy. However, we generally have continued to collect rent from our operators, in part due to the benefits of various federal relief programs.

The challenges faced by our healthcare operators and our tenants as a result of COVID-19 will continue to put pressure on future revenues and operating margins in our Wellness Infrastructure segment.

As necessary, we will engage in discussions with our lenders on the deferral of payment obligations, and/or waiver of defaults for any potential failure in the future to satisfy certain financial or other covenants.

Given the ongoing nature of the pandemic, the extent of the financial effects and how prolonged the effects will be to our wellness infrastructure business is uncertain at this time, and largely dependent on the duration and severity of the COVID-19 crisis.

Other

This segment is composed of our other equity and debt or OED investments and non-digital investment management or Other IM business.

OED encompasses a diversified group of non-digital real estate and real estate-related equity and debt investments, including investments for which the Company acts as a general partner and/or manager ("GP co-investments") and receives various forms of investment management economics on related third-party capital on such investments, which includes our investment in CLNC, among other holdings. The Company has monetized a substantial portion of its OED portfolio and will continue to monetize the remainder as it completes its digital evolution.

Other IM, which is separate from Digital IM, encompasses the Company’s management of private real estate credit funds and related co-investment vehicles, CLNC, and NorthStar Healthcare. Many of the investments underlying these vehicles are co-owned by the Company’s balance sheet and categorized under OED. The Company earns management fees, generally based on the amount of assets or capital managed, and contractual incentive fees or potential carried interest based on the performance of the investment vehicles managed subject to achievement of minimum return hurdles.

Balance Sheet Information

Investments and debt financing in our Other segment, excluding the THL Hotel Portfolio which is classified as discontinued operations, are summarized below:

(In thousands)	December 31, 2020	December 31, 2019
Real estate		
Held for investment	$ 937,970	$ 937,978
Held for disposition	235,768	353,724
Equity and debt investments		
CLNC	385,193	725,443
Interests in our sponsored and co-sponsored funds	41,361	67,164
Other equity investments [1]	882,392	1,411,974
CRE debt securities	28,576	57,591
Loans receivable [2]	1,211,308	1,518,058
Debt [3]	1,103,131	1,218,417

(1) Significant investments include acquisition, development and construction loans accounted for as equity method investments totaling $491.0 million at December 31, 2020 and $543.3 million at December 31, 2019.

(2) Carried at fair value upon adoption of fair value option on January 1, 2020.

(3) Includes debt carrying value of $155.4 million at December 31, 2020 and $200.6 million at December 31, 2019 related to real estate held for disposition.

Operating Performance

Our Other segment generated the following results of operations:

(In thousands)	Year Ended December 31, 2020 OED	Other IM	Total	Year Ended December 31, 2019 OED	Other IM	Total
Property operating income	$ 106,046	$ —	$ 106,046	$ 153,657	$ —	$ 153,657
Interest income	69,330	42	69,372	158,703	1,241	159,944
Fee income	—	94,399	94,399	—	190,820	190,820
Other income	7,901	15,820	23,721	11,183	54,438	65,621
Total revenues	183,277	110,261	293,538	323,543	246,499	570,042
Equity method earnings (losses)	(577,198)	77,745	(499,453)	(125,429)	(5,920)	(131,349)
Net income (loss)	(1,130,521)	(469,209)	(1,599,730)	(152,852)	(739,208)	(892,060)
Net income (loss) attributable to Colony Capital, Inc.	(606,426)	(422,510)	(1,028,936)	(224,717)	(643,631)	(868,348)

OED

- Earnings from our real estate investments, loans receivable and equity method investments in the OED portfolio have declined over time as we continue to monetize our investments. The decrease also reflects the effects of COVID-19 and the acceleration of our digital transformation in 2020. The large net losses in both years, however, resulted primarily from significant write-down in asset values, namely (i) impairment of our equity investment in CLNC in both years and our acquisition, development and construction ("ADC") loans in 2020; (ii) unrealized losses on loans receivable and equity method investments carried at fair value in 2020; and (iii) real estate impairment in both years. Refer to further discussion in "—*Results of Operations.*"
- The OED portfolio represents a meaningful source of liquidity from our ongoing efforts to monetize these investments. In 2020, we have monetized a substantial portion of our OED portfolio totaling approximately $700 million, achieving the high end of our target for 2020. This includes equity investments in the Other IM business as discussed below, and our 51% interest in the bulk industrial portfolio. We will continue to monetize the remaining assets in our Other segment as we complete our digital evolution.

Other IM

- Similar to monetization of the OED portfolio, we sold our equity interest in RXR Realty in February 2020 for proceeds of $179 million (net of tax), recording a gain of $97 million (net of tax). This represents one of two equity investments in third party real estate asset managers held in the Other IM business.
- The above gain was offset by significant goodwill impairment and a reversal of carried interest allocation in 2020. 2019 was also affected by significant impairment charges, notably goodwill impairment. Fee income from the Other IM business has continued to decline over time, with the higher fees in 2019 attributed to a large one time incentive and termination payment from NRE. Other income in the Other IM segment represents primarily cost reimbursement income from affiliates which has a corresponding gross-up in expenses, with no effect on net loss. Refer to further discussion in "—*Results of Operations.*"
- The Other IM business is expected to run off over time as limited life investment vehicles are in the liquidation phase and no new third party capital is expected to be raised in the non-digital business.

Non-GAAP Supplemental Financial Measures

The Company reports funds from operations ("FFO") as an overall non-GAAP supplemental financial measure. The Company also reports EBITDA*re* for the Digital Operating segment and NOI for the Wellness Infrastructure segment, which are supplemental non-GAAP financial measures widely used in the equity REIT industry. These non-GAAP measures should not be considered alternatives to GAAP net income as indications of operating performance, or to cash flows from operating activities as measures of liquidity, nor as indications of the availability of funds for our cash needs, including funds available to make distributions. Our calculation of FFO, EBITDA*re* and NOI may differ from methodologies utilized by other REITs for similar performance measurements, and, accordingly, may not be comparable to those of other REITs.

Funds from Operations

We calculate FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income or loss calculated in accordance with GAAP, excluding (i) extraordinary items, as defined by GAAP; (ii) gains and losses from sales of depreciable real estate; (iii) impairment write-downs associated with depreciable real estate; and (iv) gains and losses from a change in control in connection with interests in depreciable real estate or in-substance real estate; plus (v) real estate-related depreciation and amortization; and (vi) including similar adjustments for equity method investments. Included in FFO are gains and losses from sales of assets which are not depreciable real estate such as loans receivable, equity method investments, and equity and debt securities, as applicable.

We believe that FFO is a meaningful supplemental measure of the operating performance of our business because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation. Because real estate values fluctuate with market conditions, management considers FFO an appropriate supplemental performance measure by excluding historical cost depreciation, gains related to sales of previously depreciated real estate, and impairment of previously depreciated real estate which is an early recognition of loss on sale.

The following table presents a reconciliation of net income attributable to common stockholders to FFO attributable to common interests in Operating Company and common stockholders. Amounts in the table include our share of activity in unconsolidated ventures.

(In thousands)	Year Ended December 31, 2020	2019
Net loss attributable to common stockholders	$ (2,750,782)	$ (1,152,207)
Adjustments for FFO attributable to common interests in Operating Company and common stockholders:		
Net loss attributable to noncontrolling common interests in Operating Company	(302,720)	(93,027)
Real estate depreciation and amortization	561,195	548,766
Impairment of real estate	1,956,662	351,395
Gain on sales of real estate	(41,912)	(1,524,290)
Less: Adjustments attributable to noncontrolling interests in investment entities[1]	(638,709)	719,225
FFO attributable to common interests in Operating Company and common stockholders	$ (1,216,266)	$ (1,150,138)

[1] The components of adjustments attributable to noncontrolling interests in investment entities for FFO are as follows:

(In thousands)	Year Ended December 31, 2020	2019
FFO adjustments attributable to noncontrolling interests in investment entities:		
Real estate depreciation and amortization	$ 259,543	$ 170,024
Impairment of real estate	403,770	111,231
Gain on sales of real estate	(24,604)	(1,000,480)
	$ 638,709	$ (719,225)

EBITDAre

We calculate EBITDA*re* for our Digital Operating segment in accordance with standards established by NAREIT, which defines EBITDA*re* as net income or loss calculated in accordance with GAAP, excluding (i) interest expense; (ii) income tax benefit (expense); (iii) depreciation and amortization; (iv) gains on disposition of depreciated real estate, including gains or losses on change of control; (v) impairment of depreciated real estate and of investments in unconsolidated affiliates, if any, caused by a decrease in value of depreciated real estate in the affiliate; and (vi) including similar adjustments for equity method investments, if any, to reflect the Company's share of EBITDAre of unconsolidated affiliates

EBITDA*re* represents a widely known supplemental measure of performance, EBITDA, but for real estate entities, which we believe is particularly helpful for generalist investors in REITs. EBITDA*re* depicts the operating performance of a real estate business independent of its capital structure, leverage and noncash items, which allows for comparability across real estate entities with different capital structure, tax rates and depreciation or amortization policies. Additionally, exclusion of gains on disposition and impairment of depreciated real estate, similar to FFO, also provides a reflection of ongoing operating performance and allows for period-over-period comparability.

As with other non-GAAP measures, the usefulness of EBITDA*re* may be limited. For example, EBITDA*re* focuses on profitability from operations, and does not take into account financing costs, and capital expenditures needed to maintain operating real estate.

NOI

NOI for our Wellness Infrastructure segment represents total property and related income less property operating expenses, adjusted primarily for the effects of (i) straight-line rental income adjustments; and (ii) amortization of acquired above- and below-market lease adjustments to rental income, where applicable.

We believe that NOI is a useful measure of operating performance of our wellness infrastructure portfolio as it is more closely linked to the direct results of operations at the property level. NOI also reflects actual rents received during the period after adjusting for the effects of straight-line rents and amortization of above- and below-market leases; therefore, a comparison of NOI across periods better reflects the trend in occupancy rates and rental rates at our properties.

NOI excludes historical cost depreciation and amortization, which are based upon different useful life estimates depending on the age of the properties, as well as adjust for the effects of real estate impairment and gains on sales of depreciated properties, which eliminate differences arising from investment and disposition decisions. This allows for comparability of operating performance of our properties period over period and also against the results of other equity REITs in the same sector.

Additionally, by excluding corporate level expenses or benefits such as interest expense, any gain or loss on early extinguishment of debt, and income taxes, which are incurred by the parent entity and are not directly linked to the operating performance of our properties, NOI provides a measure of operating performance independent of our capital structure and indebtedness.

However, the exclusion of these items as well as others, such as capital expenditures and leasing costs, which are necessary to maintain the operating performance of our properties, and transaction costs and administrative costs, may limit the usefulness of NOI.

Reconciliation of Non-GAAP Financial Measures

The following tables present reconciliations of net loss of the Digital Operating segment to EBITDA*re*, and net loss of the Wellness Infrastructure segment to NOI.

	Digital Operating	Wellness Infrastructure	
		Year Ended December 31,	
(In thousands)	Year Ended December 31, 2020	2020	2019
Net loss	$ (130,818)	$ (754,709)	$ (243,688)
Adjustments:			
Straight-line rent and amortization of above- and below-market lease intangibles and ground lease ROU assets	—	(22,018)	(20,179)
Interest income	—	(100)	(31)
Other income	—	—	(336)
Interest expense	77,976	138,182	192,621
Transaction, investment and servicing costs	—	7,131	16,351
Depreciation and amortization	210,263	138,312	161,115
Provision for loan losses	—	—	—
Impairment loss	—	716,501	187,341
Compensation and administrative expense	—	16,210	12,773
Gain on sale of real estate	—	(175)	(1,384)
Other (gain) loss, net	245	(3,351)	(2,752)
Income tax (benefit) expense	(21,461)	19,718	(612)
EBITDA*re* / NOI	$ 136,205	$ 255,701	$ 301,219

Liquidity and Capital Resources

Overview

We believe that our capital resources are sufficient to meet our short-term and long-term capital requirements.

We have substantially addressed our near-term corporate maturity obligations and enhanced our long-term capital structure and liquidity profile through the following:

- amendment and extension of our corporate credit facility, which reduced our borrowing capacity and provided enhanced financial flexibility;

- issuance of new exchangeable notes and repayment of convertible notes due in January 2021, which allowed us to reduce our near term maturity obligations; and
- strategic investment by Wafra of over $400 million, including over $250 million for a 31.5% ownership interest in our Digital IM business. Wafra has also assumed certain of our existing commitments to DCP I and agreed to make commitments to our future digital funds and investment vehicles on a pro rata basis with us based on Wafra's percentage interest in the Digital IM Business, subject to certain caps.

As of February 22, 2021, our liquidity position was $700 million, composed of cash on hand and availability under our corporate credit facility.

We have also completed a new cost reduction program in 2020 with cost savings, mostly from headcount and compensation related cost reductions, of approximately $55 million on an annual run-rate basis, with $30 million incurred in related charges.

We regularly evaluate our liquidity position, debt obligations, and anticipated cash needs to fund our operating and investing activities, based upon our projected financial and operating performance, and investment opportunities as we divest non-digital assets and complete our digital transformation. Our evaluation of future liquidity requirements is regularly reviewed and updated for changes in internal projections, economic conditions, competitive landscape and other factors. At this time, while we are in compliance with all of our corporate debt covenants and have sufficient liquidity to meet our operational needs, we continue to evaluate alternatives to manage our capital structure and market opportunities to strengthen our liquidity and provide further operational and strategic flexibility. Stabilizing our capital structure and liquidity has put us in a stronger position to execute our digital transformation.

Liquidity Needs and Sources of Liquidity

Our current primary liquidity needs are to fund:

- our general partner and co-investment commitments to our investment vehicles;
- acquisitions of target digital assets for our balance sheet and related ongoing commitments;
- principal and interest payments on our debt;
- our operations, including compensation, administrative and overhead costs;
- obligation for lease payments, principally leasehold data centers and corporate offices;
- capital expenditures for our real estate investments;
- distributions to our common and preferred stockholders (to the extent distributions have not been suspended); and
- income tax liabilities of taxable REIT subsidiaries and of the Company subject to limitations as a REIT.

Our current primary sources of liquidity are:

- cash on hand;
- our corporate revolving credit facility;
- cash flow generated from our investments, both from operations and return of capital;
- fees received from our investment management business, including incentive or carried interest payments, if any;
- proceeds from full or partial realization of investments and/or businesses, particularly from investments in the Other segment;
- investment-level financing;
- proceeds from public or private equity and debt offerings; and
- third party co-investors in our consolidated investments and/or businesses.

Liquidity Needs

Investment Commitments

Our investment commitments as of December 31, 2020 include primarily $192 million of unfunded capital commitments to Company-sponsored and third-party sponsored funds, of which $141 million is for DCP I and DCP II, after assumption by Wafra of $60 million of our DCP I commitments. Separately, Wafra has also acquired a participation interest and is responsible for $17 million of our remaining $50 million unfunded commitments to DCP I. We expect to fund our remaining investment commitments through cash on hand and/or proceeds from future asset monetization.

Lease Obligations

At December 31, 2020, we have $216.6 million and $591.0 million of finance and operating lease obligations, respectively, that were assumed through acquisitions, primarily leasehold data centers and to a lesser extent, ground leases on certain investment properties, and $60.2 million of operating lease obligations on corporate offices. These amounts represent fixed lease payments on an undiscounted basis, excluding any contingent or other variable lease payments, and factor in lease renewal or termination options only if it is reasonably certain that such options would be exercised. Certain lease payments under ground leases are recoverable from our tenants. These lease obligations will be funded through operating cash generated by the investment properties and corporate operating cash, respectively. Our lease obligations, including future fixed lease payments, is described further in Note 22 to the consolidated financial statements in "Item 15. Exhibits and Financial Statement Schedules" of this Annual Report.

Dividends

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. These distribution requirements may constrain our ability to accumulate operating cash flows. We intend to pay regular quarterly dividends to our stockholders in an amount equal to our net taxable income, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service, including complying with any restrictions imposed by our lenders. If our cash available for distribution is less than our net taxable income, we may be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

Common Stock—The Company paid a first quarter 2020 dividend of $0.11 per share of common stock, totaling $52.9 million. The Company suspended dividends on its class A common stock beginning with the second quarter of 2020. Under the terms of the Company's amended credit facility, the Company is restricted from paying common dividends other than to maintain the Company’s status as a REIT or to reduce income tax payments. The Company will continue to monitor its financial performance and liquidity position, and as economic conditions improve, the Company will reevaluate its dividend policy in consultation with its revolver lending group.

Preferred Stock—At December 31, 2020, the Company's outstanding preferred stock, totaling $1.03 billion in liquidation preference, bears a weighted average dividend rate of 7.165% per annum, with aggregate cash distributions of $18.5 million per quarter.

Sources of Liquidity

Cash From Operations

Our investments generate cash, either from operations or as a return of our invested capital. We primarily generate revenue from net operating income of our real estate properties, and expect such earnings to be increasingly sourced from our Digital Operating segment as we complete our digital transformation. We also generate interest income from commercial real estate related loans and securities as well as receive periodic distributions from our equity investments, including our GP co-investments. Such income is offset by interest expense associated with non-recourse borrowings on our investments.

Additionally, we generate fee revenue from our investment management business, with increasing contribution of fees from our digital investment management business following the significant growth in digital FEEUM in 2020. Management fee income is generally a predictable and stable revenue stream, while carried interest and contractual incentive fees are by nature less predictable in amount and timing. Our ability to establish new investment vehicles and raise investor capital depends on general market conditions and availability of attractive investment opportunities as well as availability of debt capital.

Following the onset of COVID-19, our hotel properties, as a whole, generated negative operating cash flows in April and May 2020, having recovered to slightly positive operating cash flows since June 2020. We have since taken various steps to minimize operating expenses, as appropriate, in order to minimize cash needs, as we continue to operate these hotels prior to finalizing the sale of these assets, which is expected to close in the first half of 2021. Any cash flows generated from hotel assets that are in receivership, however, are controlled by the receivers and applied to service the underlying debt.

Asset Monetization

We periodically monetize our investments through asset sales that are opportunistic in nature or to recycle capital from non-core assets.

In 2020, we have monetized a substantial portion of our OED portfolio totaling approximately $700 million, achieving the high end of our target for 2020. This includes equity investments in the Other IM business and our 51% interest in the bulk industrial portfolio. We will continue to monetize the remaining assets in our Other segment as we complete our digital evolution.

Debt

Descriptions of our debt and future scheduled debt principal payments are included in "Item 15. Exhibits and Financial Statement Schedules" of this Annual Report, specifically in Note 10 to the consolidated financial statements (and Note 8 for debt related to assets held for disposition).

Summary of Indebtedness

Our indebtedness at December 31, 2020 is summarized as follows:

($ in thousands)	Outstanding Principal	Weighted Average Interest Rate (Per Annum)	Weighted Average Years Remaining to Maturity [1]
Corporate credit facility	$ —	— %	1.0
Convertible and exchangeable senior notes	545,107	5.36 %	3.6
Junior subordinated debt	280,117	3.10 %	15.4
Other secured debt [2]	32,815	5.02 %	—
Non-recourse investment level financing			
Fixed rate	2,823,973	3.20 %	4.3
Variable rate	4,249,446	4.33 %	3.4
	7,073,419		
Total debt (excluding amounts related to assets held for disposition)	$ 7,931,458		
Debt related to assets held for disposition—Hotels [3]	$ 3,529,026		

(1) Calculated based upon initial maturity dates, or extended maturity dates if extension criteria are met and extension is available at the Company's option

(2) Debt secured by corporate aircraft was repaid in January 2021 upon sale of the aircraft.

(3) Composed of $2.7 billion of debt expected to be assumed by the buyer upon sale of hotel assets and $780 million of hotel debt that is currently under receivership.

Recent Developments

Corporate Credit Facility

- We amended our Credit Agreement in June 2020, which reduced aggregate revolving commitments and increased the borrowing rate. The amended terms provide for greater financial covenant flexibility and more borrowing base credit for digital investments. We exercised our first 6-month extension option in December 2020. At this time, we expect to either exercise our second extension option or otherwise replace the existing credit facility.

  Key terms and current status of our corporate credit facility are as follows:
  - Maximum principal amount of $450 million (which will be reduced to $400 million on March 31, 2021)
  - Maturity of July 2021, with one remaining six-month extension option
  - Interest rate of LIBOR + 2.75%
  - Full $450 million available to be drawn as of the date of this filing

Convertible and Exchangeable Senior Notes

- In July 2020, we issued $300 million of exchangeable senior notes maturing in July 2025, bearing interest at 5.75% per annum, and repaid $402.5 million of convertible notes due in January 2021, which allowed us to reduce our near term maturity obligations while also preserving $300 million of liquidity. As a result, we have no corporate debt maturities (other than our corporate credit facility) until 2023.

Non-Recourse Investment-Level Financing

Investment level financing is non-recourse to us, and secured by the respective underlying commercial real estate or mortgage loans receivable.

- *Digital Operating*—2020 includes $2.0 billion of debt assumed from the acquisition of Vantage SDC in July and $550 million of debt obtained by DataBank to finance its acquisition of zColo in December.

  Subsequently, in October 2020 and February 2021, Vantage SDC and DataBank raised $1.3 billion and $657.9 million of securitized notes at blended fixed rates of 1.8% and 2.3%, with 6 years and 5 years maturity, respectively. In both instances, the proceeds were applied principally to refinance outstanding debt, which meaningfully reduced the overall cost of debt and extended debt maturities at Vantage SDC and DataBank.

- *Hotels*—Upon closing of the sale of our hotel assets which is anticipated in the first half of 2021, $2.7 billion of the underlying debt is expected to be assumed by the acquirer, which would result in a significant deleveraging of our balance sheet.

Public Offerings

We may offer and sell various types of securities under our shelf registration statement. These securities may be issued from time to time at our discretion based on our needs and depending upon market conditions and available pricing.

Cash Flows

The following table summarizes the activities from our statements of cash flows.

(In thousands)	Year Ended December 31, 2020	2019
Net cash provided by (used in):		
Operating activities	$ 89,893	$ 170,868
Investing activities	(1,931,980)	4,198,938
Financing activities	1,373,027	(3,779,586)

Operating Activities

Cash inflows from operating activities are generated primarily through property operating income from our real estate investments, interest received from our loans and securities portfolio, distributions of earnings received from equity investments, and fee income from our investment management business. This is partially offset by payment of operating expenses supporting our various lines of business, including property management and operations, loan servicing and workout of loans in default, investment transaction costs, as well as compensation and general administrative costs.

Our operating activities generated net cash inflows of $89.9 million in 2020 and $170.9 million in 2019.

Notable items affecting operating cash flows included the following:

2020

- contribution of operating cash flows from our Digital Operating segment in 2020, specifically the DataBank business that was acquired in December 2019 using proceeds from sale of the light industrial business, and Vantage SDC acquired in July 2020; and
- the negative effects on operating cash flows from the economic fallout of COVID-19, particularly in our hotel business, as noted below.

2019

- prior to the sale of the entire light industrial business in December 2019, our industrial business contributed $158.7 million of operating cash inflows following the acquisition of a large portfolio in February 2019;
- incentive and termination fees of $64.6 million were received upon termination of our management agreement concurrent with the sale of NRE in September 2019; and
- significantly higher operating cash flows were generated from our hotel business in 2019 of $157.7 million compared to $8.7 million in 2020 post COVID-19; all of which were partially offset by
- payment of $365.1 million for settlement of the $2.0 billion notional amount on the forward starting interest rate swap assumed through the Merger.

Investing Activities

Investing activities include primarily cash outlays for acquisition of real estate, disbursements on new and/or existing loans, and contributions to unconsolidated ventures, which are partially offset by repayments and sales of loans receivable, distributions of capital received from unconsolidated ventures, and proceeds from sale of real estate and equity investments.

Our investing activities generated net cash outflows of $1.9 billion in 2020 compared to net cash inflows of $4.2 billion in 2019.

- *Real estate investments*—Real estate acquisitions and sales were the biggest driver of investing cash flows in 2020 and 2019, respectively.

  2020 saw net cash outflows of $2.1 billion, with the acquisitions of Vantage SDC in July 2020 and zColo in December 2020.

  In contrast, there was $4.2 billion of net cash inflows in 2019 with the receipt of $6.1 billion of proceeds from real estate sales, offset by payments of $1.9 billion for real estate acquisitions. We had acquired a large portfolio in our industrial segment for $1.1 billion in February 2019 and in December 2019, we received proceeds from the sale of our entire light industrial portfolio of $5.1 billion, net of $0.3 billion of debt assumed by the buyer, closing costs and other prorations.

- *Equity investments*—In 2020, the investing cash outflows for real estate acquisitions were partially offset by net cash inflows from our equity investments of $152.3 million. In particular, we received $179.1 million of net proceeds from sale of our investment in RXR Realty and $87.4 million from recapitalization of our joint venture investment in Albertsons, representing amounts recognized as a return of investment. Both of these inflows were partially offset by contributions to DCP I of $130.2 million and additional draws on ADC loans that are accounted for as equity method investments.

  In 2019, our equity investments also contributed net cash inflows of $142.5 million, which included $96.0 million of proceeds from sale of our interest in NRE .

- *Debt investments*—Our loan and securities portfolio generated immaterial net cash inflows in 2020 compared to $168.8 million in 2019 as loan repayments largely outpaced disbursements in 2019.

- *Business acquisition*—In 2019, the investing net cash inflows were partially offset by cash paid for business acquisitions, specifically $184.2 million for DBH and $172.4 million for DataBank, net of cash assumed.

Financing Activities

We finance our investing activities largely through investment-level secured debt along with capital from third party or affiliated co-investors. We also draw upon our corporate credit facility to finance our investing and operating activities, as well as have the ability to raise capital in the public markets through issuances of preferred stock, common stock and debt such as our convertible notes. Accordingly, we incur cash outlays for payments on our investment-level and corporate debt, dividends to our preferred and common stockholders, as well as distributions to our noncontrolling interests.

Financing activities generated net cash inflows of $1.4 billion in 2020 compared to net cash outflows of $3.8 billion in 2019.

2020

- The financing cash inflows in 2020 were driven primarily by $1.8 billion of net contributions from noncontrolling interests, of which $1.5 billion represents third party investors in Vantage SDC and zColo, primarily fee bearing capital that we raised, and $253.6 million was an investment by Wafra in our digital investment management business.
- Additionally, borrowings on our investment level debt exceeded repayments for a net cash inflow of $278.1 million, which included $550.0 million of debt drawn to finance our acquisition of zColo.
- However, the financing cash inflows in 2020 were partially offset by: (i) cash outflow of $402.9 million in January 2020 for settlement of the December 2019 redemption of our Series B and E preferred stock using proceeds from our industrial sale; (ii) dividends paid on our preferred and common stock of $185.8 million which, in comparison to 2019, have been significantly reduced as a result of the preferred stock redemption in December 2019 and suspension of common stock dividends beginning the second quarter of 2020; and (iii) partial repurchase of our convertible senior notes for $81.3 million through a tender offer in September 2020. An additional repurchase of

our convertible senior notes for $289.7 million was made through a concurrent application of all of the net proceeds from our issuance of $300.0 million of new exchangeable senior notes in July 2020.

2019

- In contrast, the financing cash outflows in 2019 were driven by net distributions to noncontrolling interests of $2.3 billion, principally the distributions of net proceeds from the sale of our light industrial portfolio in December 2019.
- Additionally, debt repayments exceeded borrowings by $1.2 billion, driven by repayment of $1.7 billion of debt in our light industrial portfolio upon disposition, of which $952.0 million had been borrowed during the year.
- Further contributing to financing cash outflows in 2019 were dividends paid on our preferred and common stock totaling $322.7 million, which were significantly higher compared to 2020, as noted above.

Guarantees and Off-Balance Sheet Arrangements

In connection with financing arrangements for certain unconsolidated ventures, we provided customary non-recourse carve-out guarantees. In addition, we have entered into guarantee or contribution agreements with certain hotel franchisors or operating partners, pursuant to which we guaranteed or agreed to contribute to the franchisees' obligations, including payments of franchise fees and marketing fees, for the term of the agreements. However, we believe that the likelihood of making any payments under the guarantees is remote.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP, which requires the use of estimates and assumptions that involve the exercise of judgment and that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our critical accounting policies and estimates are integral to understanding and evaluating our reported financial results as they require subjective or complex management judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain and unpredictable.

Highlighted below are accounting policies and estimates that we believe to be critical based on the nature of our business and/or require significant management judgment and assumptions. With respect to all critical estimates discussed below, we have established policies and control procedures which seek to ensure that estimates and assumptions are appropriately governed and applied consistently from period to period. We believe that all of the decisions and assessments applied were reasonable at the time made, based upon information available to us at that time.

Due to the inherently judgmental nature of the various projections and assumptions used, unpredictability of economic and market conditions, uncertainty as to the timing and the manner by which the assets in our Other segment would be monetized and the recoverable values upon monetization, and uncertainties over the duration and severity of the resulting economic effects of COVID-19, actual results may differ from estimates, and changes in estimates and assumptions could have a material effect on our financial statements in the future.

Impairment

In connection with our review and preparation of the financial statements, prior to and subsequent to each quarter end, we evaluate if prevailing events or changes in circumstances indicate that carrying values of the following assets may not be recoverable, in which case, an impairment analysis is performed.

Real Estate Held for Investment

Triggering events that may indicate potential impairment of our real estate held for investment include, but are not limited to, the Company's shortened hold period assumptions, which in 2020, was attributed to the Company's accelerated digital transformation or in contemplation of underlying mortgage debt that is in default or was at risk of default; deterioration in current and/or projected net operating income; significant near-term lease expirations; decline in occupancy; or other tenant, operator or market conditions that would negatively affect property operating cash flows.

The carrying amount of real estate held for investment is not recoverable if it exceeds the undiscounted future net cash flows expected to be generated by the property, including any estimated proceeds from eventual disposition of the property. If multiple outcomes are under consideration, the Company may apply either a probability-weighted cash flows approach or the single-most-likely estimate of cash flows approach, whichever is more appropriate under the circumstances. Impairment is recognized to reduce the carrying value of the property to its estimated fair value, generally based upon a discounted net cash flow analysis which applies a terminal capitalization rate at the end of the projection period to derive an exit value, or a direct capitalization approach which applies an overall capitalization rate to expected net operating income to estimate current property value.

Estimation of future net cash flows involves significant judgment and assumptions, including, but not limited to, the Company's anticipated hold period; probability-weighting to different cash flow scenarios or the determination of the single-most-likely cash flow scenario, where applicable; available market information such as competition levels, leasing trends, occupancy trends, lease or room rates, and market prices of similar properties recently sold or currently being offered for sale; and capitalization rates.

Refer to Note 4 of the consolidated financial statements for a discussion of impairment recorded on real estate held for investment, including triggering events, and methodology and inputs applied in estimating the fair value of impaired properties.

Equity Method Investments

Significant equity method investments that are subject to periodic impairment assessment include the Company's investment in CLNC and ADC loans.

Indicators of impairment on equity method investments generally include the Company's shortened hold period assumptions, which in 2020, was attributed to the Company's accelerated digital transformation; significant deterioration in earnings performance, asset quality, or business prospects of the investee; or significant adverse change in the industry, economic, or market environment of the investee.

If indicators of impairment exist, the Company estimates the fair value of its equity method investment, which considers factors such as the estimated enterprise value of the investee, fair value of the investee's underlying net assets, or net cash flows to be generated by the investee, and for equity method investees with publicly-traded equity, the traded price of the equity securities in an active market.

Further consideration is made if a decrease in the fair value of equity method investments is other-than-temporary to determine if impairment loss should be recognized. Assessment of other-than-temporary impairment may involve significant management judgment, including, but not limited to, consideration of the investee’s current and projected financial condition and earnings, business prospects and creditworthiness; significant and prolonged decline in traded price of the investee’s equity security; or the Company's ability and intent to hold the investment until recovery of its carrying value. If management is unable to reasonably assert that an impairment is temporary or believes that the Company may not fully recover the carrying value of its investment, then the impairment is considered to be other-than-temporary.

Refer to Note 6 of the consolidated financial statements for a discussion of impairment recorded on equity method investments, including assessment of other-than-temporary impairment of our investment in CLNC, and methodology and inputs applied in estimating the fair value of impaired equity method investments.

Goodwill

The Company's goodwill is associated with its investment management and digital operating real estate businesses.

Goodwill is tested for impairment at the reporting unit to which it is assigned, which can be an operating segment or one level below an operating segment. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value, including goodwill. If so, a quantitative assessment is performed, and to the extent the carrying value of the reporting unit exceeds its fair value, impairment is recognized for the excess up to the amount of goodwill assigned to the reporting unit. Alternatively, the Company may bypass a qualitative assessment and proceed directly to a quantitative assessment.

A qualitative assessment considers various factors such as macroeconomic, industry and market conditions to the extent they affect the earnings performance of the reporting unit, changes in business strategy and/or management of the reporting unit, changes in composition or mix of revenues and/or cost structure of the reporting unit, financial performance and business prospects of the reporting unit, among other factors.

In a quantitative assessment, significant judgment, assumptions and estimates are applied in determining the fair value of reporting units. The Company generally uses the income approach to estimate fair value by discounting the projected net cash flows of the reporting unit, and may corroborate with market-based data where available and appropriate. Projection of future cash flows is based upon various factors, including, but not limited to, our strategic plans in regard to our business and operations, internal forecasts, terminal year residual revenue multiples, operating profit margins, pricing of similar businesses and comparable transactions where applicable, and risk-adjusted discount rates to present value future cash flows. Given the level of sensitivity in the inputs, a change in the value of any one input, in isolation or in combination, could significantly affect the overall estimation of fair value of the reporting unit.

Refer to Note 7 of the consolidated financial statements for a discussion of impairment recorded on the Other IM goodwill, including triggering events, and methodology and inputs applied in estimating fair value of the Other IM reporting unit.

Fair Value

The Company carries certain assets at fair value on a recurring basis or at the time of initial acquisition. The Company has elected the fair value option for all loans receivable effective January 1, 2020. In a business combination or asset acquisition, all assets acquired and liabilities assumed are initially measured at fair value upon acquisition.

Loans Receivable

We typically classify loans receivable under Level 3 of the fair value hierarchy, with the measurement of fair value using at least one unobservable input that is significant and requiring management judgment. Level 3 fair value for loans receivable are generally estimated based upon the income approach, applying a discounted cash flow model. This involves a projection of principal and interest that are expected to be collected, and includes consideration of factors such as the financial standing and credit risk of the borrower or sponsor, operating results and/or value of the underlying collateral, and market yields for loans with similar credit risk and other characteristics. In times of adverse economic conditions, the judgment applied in estimating unobservable inputs is subject to a greater degree of uncertainty.

Refer to Note 12 of the consolidated financial statements for additional information on the inputs applied in estimating fair value of loans receivable.

Allocation of Purchase Consideration

In a business combination, the Company measures the assets acquired, liabilities assumed and any noncontrolling interests of the acquiree at their acquisition date fair values, with the excess of purchase consideration over the fair value of net assets acquired and the fair value of any previously held interest in the acquiree, recognized as goodwill. In an asset acquisition, the Company allocates the purchase consideration to the assets acquired and liabilities assumed based upon their relative fair values, which does not give rise to goodwill.

The estimation of fair value of the assets acquired and liabilities assumed involves significant judgment and assumptions. Acquired assets are generally composed of real estate, lease right-of-use ("ROU") asset, lease-related intangibles, investment management related intangibles, and other identifiable intangibles such as customer contracts, customer relationships and trade names. The Company generally values real estate based upon their replacement cost for buildings (in an as-vacant state), improvements and data center infrastructure, and based upon comparable sales or current listings for land. Lease ROU assets are measured based upon future lease payments over the lease term, adjusted for any lease incentives and capitalized direct leasing costs, and discounted at the incremental borrowing rate. Identifiable intangible assets are typically valued using the income approach based upon net cash flows expected to be generated by the assets, discounted to present value. Estimates applied include, but are not limited to: (i) construction costs for buildings and improvements; (ii) cost per kilowatt and costs of design, engineering, construction and installation for data center infrastructure; and (iii) for intangible assets, expected future cash flows, reinvestment rates by existing investors in our investment management business, lease renewal rates, customer attrition rates, discount rates, and useful lives. These estimates are based upon assumptions that management believes a market participant would apply in valuing the assets. These estimates and assumptions are forward-looking and are subject to uncertainties in future economic, market and industry conditions.

Refer to Note 3 of the consolidated financial statements for additional discussion of the methodology and inputs applied in estimating fair value of assets upon acquisition.

Recent Accounting Updates

The effects of accounting standards adopted in 2020 and the potential effects of accounting standards to be adopted in the future are described in Note 2 to our consolidated financial statements in Item 15. "Exhibits, Financial Statement Schedules" of this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk includes the exposure to loss resulting from changes in interest rates, credit curve spreads, foreign currency exchange rates, commodity prices, equity prices and credit risk in our underlying investments.

Credit Risk

We are subject to the credit risk of the tenant/operators of our properties. We seek to undertake a rigorous credit evaluation of each tenant and operator prior to acquiring properties. This analysis includes an extensive due diligence investigation of the tenant/operator's business as well as an assessment of the strategic importance of the underlying real estate to the tenant/operator's core business operations. Where appropriate, we may seek to augment the tenant/operator's commitment to the facility by structuring various credit enhancement mechanisms into their management assessments, where applicable, and underlying leases. These mechanisms could include security deposit requirements or guarantees from entities we deem creditworthy.

In addition, our investment in loans receivable is subject to a high degree of credit risk through exposure to loss from loan defaults. Default rates are subject to a wide variety of factors, including, but not limited to, borrower financial condition, property performance, property management, supply/demand factors, construction trends, consumer behavior, regional economics, interest rates, the strength of the U.S. economy and other factors beyond our control. All loans are subject to a certain probability of default. We manage credit risk through the underwriting process, acquiring our investments at the appropriate discount to face value, if any, and establishing loss assumptions. We also carefully monitor the performance of the loans, including those held through our joint venture investments, as well as external factors that may affect their value.

Interest Rate and Credit Curve Spread Risk

Interest rate risk relates to the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. Credit curve spread risk is highly sensitive to the dynamics of the markets for loans and securities we hold. Excessive supply of these assets combined with reduced demand will cause the market to require a higher yield. This demand for higher yield will cause the market to use a higher spread over the U.S. Treasury securities yield curve, or other benchmark interest rates, to value these assets.

As U.S. Treasury securities are priced to a higher yield and/or the spread to U.S. Treasuries used to price the assets increases, the price at which we could sell some of our fixed rate financial assets may decline. Conversely, as U.S. Treasury securities are priced to a lower yield and/or the spread to U.S. Treasuries used to price the assets decreases, the value of our fixed rate financial assets may increase. Fluctuations in LIBOR and/or any alternative reference rate may affect the amount of interest income we earn on our floating rate borrowings and interest expense we incur on borrowings indexed to such reference rate, including under credit facilities and investment-level financing.

We utilize a variety of financial instruments on some of our investments, including interest rate swaps, caps, floors and other interest rate exchange contracts, in order to limit the effects of fluctuations in interest rates on our operations. The use of these types of derivatives to hedge interest-earning assets and/or interest-bearing liabilities carries certain risks, including the risk that losses on a hedge position will reduce the funds available for distribution and that such losses may exceed the amount invested in such instruments. A hedge may not perform its intended purpose of offsetting losses of rising interest rates. Moreover, with respect to certain of the instruments used as hedges, we are exposed to the risk that the counterparties with which we trade may cease making markets and quoting prices in such instruments, which may render us unable to enter into an offsetting transaction with respect to an open position. If we anticipate that the income from any such hedging transaction will not be qualifying income for REIT income purposes, we may conduct all or part of our hedging activities through a to-be-formed corporate subsidiary that is fully subject to federal corporate income taxation. Our profitability may be adversely affected during any period as a result of changing interest rates.

We have financing arrangements with various financial institutions bearing variable rate interest indexed primarily to 1 and 3-month LIBOR and 1 and 3-month Euribor. We limit our exposure to interest rate increases for our debt primarily through the use of interest rate caps. The interest rate sensitivity table below illustrates the hypothetical impact of changes in the index rates in 1% increments on our interest expense in a one year period, assuming no changes in our debt principal as it stood at December 31, 2020, and taking into account the effects of interest rate caps and contractual floors on indices. The maximum decrease in the interest rates is assumed to be the actual applicable indices at December 31, 2020, all of which were under 1% at December 31, 2020.

($ in thousands)	+2.00%	+1.00%	Maximum Decrease in Applicable Index
Increase (decrease) in interest expense	$ 157,697	$ 80,137	$ (8,358)
Amount attributable to noncontrolling interests in investment entities	49,572	25,064	(1,620)
Amount attributable to Operating Company	$ 108,125	$ 55,073	$ (6,738)

Foreign Currency Risk

We have foreign currency rate exposures related to our foreign currency-denominated investments held predominantly by our foreign subsidiaries and to a lesser extent, by U.S. subsidiaries. Changes in foreign currency rates can adversely affect the fair values and earnings of our non-U.S. holdings. We generally mitigate this foreign currency risk by utilizing currency instruments to hedge our net investments in our foreign subsidiaries. We had previously employed forwards and costless collars (buying a protective put while writing an out-of-the-money covered call with a strike price at which the premium received is equal to the premium of the protective put purchased) which involved no initial capital outlay as hedging instruments on our foreign subsidiary investments. During the second quarter of 2020, we settled all our outstanding foreign currency hedges and replaced them with put options purchased through upfront premiums.

At December 31, 2020, we had approximately €455.4 million and £286.3 million or a total of $0.9 billion, in net investments in our European subsidiaries. A 1% change in these foreign currency rates would result in a $8.8 million increase or decrease in translation gain or loss included in other comprehensive income in connection with investments in our European subsidiaries, and a $0.6 million gain or loss in earnings in connection with GBP denominated loans receivable held by U.S subsidiaries.

A summary of the foreign exchange contracts in place at December 31, 2020, including notional amounts and key terms, is included in Note 11 to the consolidated financial statements. The maturity dates of these instruments approximate the projected dates of related cash flows for specific investments. Termination or maturity of currency hedging instruments may result in an obligation for payment to or from the counterparty to the hedging agreement. We are exposed to credit loss in the event of non-performance by counterparties for these contracts. To manage this risk, we select major international banks and financial institutions as counterparties and perform a quarterly review of the financial health and stability of our trading counterparties. Based on our review at December 31, 2020, we do not expect any counterparty to default on its obligations.

Commodity Price Risk

Certain operating costs in our data center portfolio are subject to price fluctuations caused by volatility of underlying commodity prices, primarily electricity used in our data center operations. We closely monitor the cost of electricity at all of our locations and may enter into power utility contracts to purchase electricity at fixed prices in certain locations in the U.S., with such contracts generally representing less than our forecasted usage. Our building of new data centers and expansion of existing data centers will also subject us to commodity price risk with respect to building materials such as steel and copper. Additionally, the lead time to procure data center equipment is substantial and procurement delays could increase construction cost and delay revenue generation.

Item 8. Financial Statements.

The financial statements and the supplementary financial data required by this item appear in Item 6. "Selected Financial Data" and Item 15. "Exhibits and Financial Statement Schedules" of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at December 31, 2020.

Changes in Internal Control over Financial Reporting

Except as set forth below, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We completed our evaluation of the policies, processes, systems and operations of DataBank, which was acquired in December 2019. Our evaluation is ongoing for Vantage SDC, which was acquired in July 2020, and zColo, which was acquired by DataBank in December 2020. As of and for the year ended December 31, 2020, Vantage SDC and zColo each represented 18.1% and 8.2% of total assets, respectively, 17.2% and 7.4% of total liabilities, respectively, and 10.0% and 1.0% of total revenues, respectively.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on our financial statements.

Management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth in the *Internal Control*—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As permitted by the SEC, management has elected to exclude Vantage SDC and zColo from its assessment of the effectiveness of our internal control over financial reporting. As of and for the year ended December 31, 2020, Vantage SDC and zColo each represented $3.7 billion and $1.7 billion of total assets, respectively, $2.2 billion and $1.0 billion of total liabilities, respectively, and $124.2 million and $12.6 million of total revenues, respectively. Based on our evaluation, except as it relates to Vantage SDC and zColo, management concluded that our internal control over financial reporting was effective as of December 31, 2020. We are in the process of integrating the policies, processes, systems and operations of Vantage SDC and zColo into our internal control over financial reporting.

Our internal control system was designed to provide reasonable assurance to management and our board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2020, as stated in their attestation report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Colony Capital, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Colony Capital, Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework) (the COSO criteria). In our opinion, Colony Capital, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Vantage Data Centers' Portfolio of 12 hyperscale data centers (Vantage SDC) and Zayo Group Holdings, Inc.'s zColo assets (zColo), which are included in the 2020 consolidated financial statements of the Company and constituted $3.7 billion and $1.7 billion of total assets, respectively, $2.2 billion and $1.0 billion of total liabilities, respectively, as of December 31, 2020 and $124.2 million and $12.6 million of revenues, respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Vantage SDC and zColo.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and schedules, and our report dated March 1, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Los Angeles, California
March 1, 2021

Item 9B. Other Information.

New Board Appointment

On February 23, 2021, the Company's board of directors (the "Board") elected J. Braxton Carter to serve as an independent member of the Board, effective March 2, 2021. Concurrently with the foregoing Board appointment, the Board determined to increase the size of the Board to twelve (12) directors, effective March 2, 2021; however, the Board remains committed to reducing the Board size to no more than ten (10) members by the Company's 2021 annual meeting of stockholders.

For nearly a decade until his retirement on July 1, 2020, Mr. Carter, age 62, served as Executive Vice President and Chief Financial Officer of T-Mobile US, Inc. (NASDAQ: TMUS), where he was responsible for leading its financial functions. Mr. Carter served as MetroPCS Communications, Inc.'s Chief Financial Officer from March 2005 until the combination of MetroPCS Communications, Inc. and T-Mobile USA completed in 2013 (the "Metro Combination"). Mr. Carter also served as MetroPCS Communications Inc.'s Vice Chairman from May 2011 until the consummation of the Metro Combination. From February 2001 to March 2005, he was Vice President, Corporate Operations of MetroPCS Communications, Inc. Mr. Carter also has extensive senior management experience in the wireless and retail industry and spent 10 years in public accounting. Since July 2020, he has served as a member of the board of directors of Assurant Inc (NYSE: AIZ). Mr. Carter is a certified public accountant. Mr. Carter holds a Bachelor of Science degree from the University of Colorado with a major in accounting.

Mr. Carter has been selected as a Board member because of his substantial financial expertise, coupled with his extensive experience as an executive, in the telecommunications and technology industries during the course of his career.

In accordance with the Company's non-employee director compensation policy as described in the Company's definitive proxy statement on Schedule 14A filed on April 1, 2020 with the Securities and Exchange Commission, Mr. Carter's compensation for his services as a non-employee director will be consistent with that of the Company's other non-employee directors, subject to proration to reflect the commencement date of his service on the Board. Mr. Carter is not a party to any transaction that would require disclosure under Item 404(a) of Regulation S-K.

Hospitality Sale Purchase Agreement Amendment

On February 28, 2021, the CLNY Seller Entities (as defined below), each affiliates of Colony Capital, Inc. (the "Company"), entered into a second amendment (the "Amendment") to the Agreement of Purchase and Sale, dated September 22, 2020 (as amended from time to time, the "Sale Agreement") with Silverplate Capital Partners LLC, a Delaware limited liability company and an affiliate of Highgate (the "Purchaser"), pursuant to which the CLNY Seller Entities agreed to sell all of the CLNY Seller Entities' interests (the "Hospitality Interests") in six of the Company's hospitality portfolios, consisting of 22,676 rooms across 197 hotel properties in the U.S. The Amendment provides the Purchaser with a one-time right to extend the closing date of the transaction to March 31, 2021, if the Purchaser provides timely notice and deposits $10.0 million into escrow (which is in addition to the Purchaser's initial $5 million deposit made at the signing of the Sale Agreement) on or before March 15, 2021. The Amendment further provides that each of the CLNY Seller Entities and the Purchaser has the right to further extend the closing date to April 15, 2021 if the party exercising the extension has a reasonable and good faith belief that certain third party consents are reasonably likely to be obtained by April 15, 2021.

In addition, the Amendment provides that the CLNY Seller Entities will receive certain purchase price credits for all or a portion of certain payments that the CLNY Seller Entities or its affiliates have made, or may make between the date of the Amendment and the closing date, with respect to the hospitality portfolios held through the Hospitality Interests.

The sale of the Hospitality Interests is expected to close in the first half of 2021; however, there can be no assurance that the sale will close in the timeframe contemplated or on the terms anticipated, if at all.

CMP I Owner-T, LLC, a Delaware limited liability company, CMP I CAM2-T, LLC, a Delaware limited liability company, Grand Prix Mezz Borrower Fixed LLC, a Delaware limited liability company, INK Acquisition LLC, a Delaware limited liability company, INK Acquisition III LLC, a Delaware limited liability company, Castleblack Owner Holdings, LLC, a Delaware limited liability company, Castleblack Operator Holdings, LLC, a Delaware limited liability company, MC Owner MB1-T, LLC, a Delaware limited liability company, MC OPS MB1-T, LLC, a Delaware limited liability company, NEP OPS MB2-T, LLC, a Delaware limited liability company, CNI THL Propco Holdings, LLC, a Delaware limited liability company, and CNI THL Opco Holdings, LLC, a Delaware limited liability company, are collectively referred to herein as the "CLNY Seller Entities."

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which is attached to this Annual Report on Form 10-K as Exhibit 10.55.

Material U.S. Federal Income Tax Considerations

The following is a discussion of certain material U.S. federal income tax considerations relating to our qualification and taxation as a real estate investment trust, which we refer to as a REIT, and the acquisition, holding, and disposition of our class A common stock, preferred stock, and depositary shares (for purposes of this section only, collectively referred to as “stock”). As used in this section, references to the terms “Company,” “we,” “our,” and “us” mean only Colony Capital, Inc. and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is based upon the Internal Revenue Code of 1986, as amended, which we refer to as the Code, the regulations promulgated by the U.S. Treasury Department, which we refer to as the Treasury Regulations, rulings and other administrative interpretations and practices of the Internal Revenue Service, which we refer to as the IRS (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings), and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. We have not sought and will not seek an advance ruling from the IRS regarding any matter discussed in this section. The summary is also based upon the assumption that we have operated and will operate the Company and its subsidiaries and affiliated entities in accordance with their applicable organizational documents. This summary is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor in light of its investment or tax circumstances, or to investors subject to special tax rules, including:

- insurance companies;
- tax-exempt organizations (except to the extent discussed in “—Taxation of Tax—Exempt Stockholders” below);
- financial institutions or broker-dealers;
- non-U.S. individuals and foreign corporations (except to the extent discussed in “—Taxation of Non-U.S. Stockholders” below);
- U.S. expatriates;
- persons who mark-to-market our stock;
- subchapter S corporations;
- U.S. stockholders, as defined below, whose functional currency is not the U.S. dollar;
- regulated investment companies;
- REITs;
- trusts and estates;
- holders who receive our stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code;
- persons holding our stock through a partnership or similar pass-through entity; and
- persons holding a 10% or more (by vote or value) beneficial interest in our stock.

This summary assumes that stockholders hold shares of our stock as capital assets for U.S. federal income tax purposes, which generally means property held for investment.

The statements in this section are based on the current U.S. federal income tax laws, are for general information purposes only and are not tax advice. We cannot assure you that new laws, interpretations of law or court decisions, any of which may take effect retroactively, will not cause any statement in this section to be inaccurate.

THE U.S. FEDERAL INCOME TAX TREATMENT OF US AS A REIT AND OF YOU AS A HOLDER OF OUR STOCK DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY

BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES TO ANY PARTICULAR HOLDER OF OUR STOCK WILL DEPEND ON SUCH HOLDER'S PARTICULAR TAX CIRCUMSTANCES.

YOU SHOULD CONSULT YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE OWNERSHIP AND SALE OF OUR STOCK AND OF ITS INTENDED ELECTION TO BE TAXED AS A REIT. SPECIFICALLY, YOU SHOULD CONSULT YOUR TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH OWNERSHIP, SALE AND ELECTION, AND REGARDING POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Colony Capital

We elected to be taxed as a REIT under the U.S. federal income tax laws commencing with our taxable year ended December 31, 2017. We believe that we are organized and have operated, and we intend to continue to operate, in a manner so as to qualify for taxation as a REIT under the Code. This section discusses the laws governing the U.S. federal income tax treatment of a REIT and its stockholders. These laws are highly technical and complex.

Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of ownership by holders of our securities and asset ownership, and various other qualification requirements imposed upon REITs by the Code. In addition, our ability to qualify as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets that we own directly or indirectly. Such values may not be susceptible to a precise determination, whether for past, current, or future periods, and based upon the types of assets that we own and intend to own, such values can vary rapidly, significantly and unpredictably. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT. Similarly, the income we earn from our assets may not be earned when or in the proportions anticipated. For example, we may encounter situations in which a relatively small investment generates a higher than expected return in a particular year (or vice versa). A discussion of the tax consequences of the failure to qualify as a REIT and certain alternatives is included below in the section entitled "—Failure to Qualify."

As indicated above, our qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under "—Requirements for Qualification." While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification, or that we have been or will be able to operate in accordance with the REIT requirements in the future. See "—Requirements for Qualification—Failure to Qualify."

The CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") (P.L. 116-136) that was signed into law on March 27, 2020 includes several significant tax provisions. These changes include:

- the elimination of the taxable income limit for net operating losses ("NOLs") for all taxable years beginning after December 31, 2017 and before January 1, 2021, thereby permitting corporate taxpayers to use NOLs to fully offset taxable income (although as a REIT, we will continue to only be able to use NOLs against taxable income remaining after taking into account any dividends-paid deduction);
- allowing our TRSs to carry back NOLs arising in 2018, 2019, and 2020 to the five taxable years preceding the taxable year of the loss;
- an increase to the business interest limitation under Section 163(j) of the Code, from 30 percent to 50 percent for taxable years 2019 and 2020 and the addition of an election by taxpayers to use their 2019 adjusted taxable income as their adjusted taxable income in 2020 for purposes of applying the limitation; and
- a "technical correction" amending Section 168(e)(3)(E) of the Code to add "qualified improvement property" to "15-year property" and assigning a class life of 20 years under Section 168(g)(3)(B) of the Code to qualified improvement property under Section 168(e)(3)(E)(vii) of the Code.

Tax Reform Legislation Enacted December 22, 2017

On December 22, 2017, the President signed into law H.R. 1, which generally took effect for taxable years beginning on or after January 1, 2018. This legislation made many changes to the U.S. federal income tax laws that significantly impact the taxation of individuals, corporations (both non-REIT C corporations as well as corporations that have elected to be taxed as REITs), and the taxation of taxpayers with overseas assets and operations. These changes are generally effective for taxable years beginning after December 31, 2017. However, a number of changes that reduce the tax rates applicable to non-corporate taxpayers (including a new 20% deduction for qualified REIT dividends that reduces the effective rate of regular income tax on such income), and also limit the ability of such taxpayers to claim certain deductions, will expire for taxable years beginning after 2025, unless Congress acts to extend them.

These changes impact us and our stockholders in various ways, some of which are adverse relative to prior law, and this summary of material U.S. federal income tax considerations incorporates these changes where material. To date, the IRS has issued only some guidance with respect to certain provisions of H.R. 1. There are numerous interpretive issues and ambiguities that still require guidance and that are not clearly addressed in the legislative history that accompanied H.R. 1 and additional technical corrections legislation is still needed to clarify certain of the new provisions and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or other legislative changes that may be needed to prevent unintended or unforeseen tax consequences will be enacted by Congress anytime soon.

Taxation of REITs in General

Provided that we qualify as a REIT, we will be entitled at the REIT level to a deduction from our taxable income for dividends that we pay and, therefore, will not be subject to U.S. federal corporate income tax at the REIT level on our taxable income that is currently distributed to holders of our securities. This treatment substantially eliminates the “double taxation” at the corporate and stockholder levels that generally results from an investment in a non-REIT C corporation. A non-REIT C corporation is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the stockholder level when the income is distributed. In general, the income that we generate is taxed only at the stockholder level upon a distribution of dividends to our stockholders.

U.S. stockholders generally will be subject to taxation on dividends distributed by us (other than designated capital gain dividends and “qualified dividend income”) at rates applicable to ordinary income, instead of at lower capital gain rates. For taxable years beginning after December 31, 2017, and before January 1, 2026, generally, U.S. stockholders that are individuals, trusts or estates may deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations. Capital gain dividends and qualified dividend income will continue to be subject to a maximum 20% rate. See “—Taxation of Taxable U.S. Stockholders of Colony Capital—Taxation of U.S. Stockholders on Distributions of Our Stock.”

Any net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to holders of our securities, subject to special rules for certain items such as the capital gains that we recognize. See “—Taxation of Taxable U.S. Stockholders of Colony Capital.”

Even if the Company qualifies for taxation as a REIT, the Company will be subject to U.S. federal tax in the following circumstances:

- the Company will pay U.S. federal income tax on any taxable income, including net capital gain, that it does not distribute to stockholders during, or within a specified time period after, the calendar year in which the income is earned.
- for our taxable year ended December 31, 2017, the Company may be subject to the “alternative minimum tax” on any items of tax preference that it does not distribute or allocate to stockholders.
- the Company will pay income tax at the highest corporate rate on:
- net income from the sale or other disposition of property acquired through foreclosure, or foreclosure property, that it holds primarily for sale to customers in the ordinary course of business; and
- other non-qualifying income from foreclosure property.
- the Company will pay a 100% tax on net income earned from sales or other dispositions of property, other than foreclosure property, by an entity other than a taxable REIT subsidiary, which we refer to as a TRS, if such property is held primarily for sale to customers in the ordinary course of business.
- if the Company fails to satisfy one or both of the 75% gross income test or the 95% gross income test, as described below in the section entitled “—Requirements for Qualification—Gross Income Tests,” and nonetheless continues to qualify as a REIT because it meets other requirements, it will pay a 100% tax on: the greater of the amount by which it fails the 75% gross income test or the 95% gross income test, multiplied, in either case, by a fraction intended to reflect its profitability.
- if the Company fails any of the asset tests (other than a de minimis failure of the 5% asset test or the 10% vote or value test, as described below in the section entitled “—Requirements for Qualification—Asset Tests”), as long as

the failure was due to reasonable cause and not to willful neglect, the Company files a description of each asset that caused such failure with the IRS, and the Company disposes of the assets or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies such failure, it will pay a tax equal to the greater of $50,000 or the highest U.S. federal income tax rate then applicable to U.S. corporations (currently 21%) on the net income from the non-qualifying assets during the period in which it failed to satisfy the asset tests in order to remain qualified as a REIT.

- if the Company fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and such failure is due to reasonable cause and not to willful neglect, it will be required to pay a penalty of $50,000 for each such failure in order to remain qualified as a REIT.
- if the Company fails to distribute during a calendar year at least the sum of: (i) 85% of its REIT ordinary income for the year; (ii) 95% of its REIT capital gain net income for the year; and (iii) any undistributed taxable income required to be distributed from earlier periods, the Company will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount it actually distributed, plus any retained amounts on which income tax has been paid at the corporate level.
- the Company may elect to retain and pay income tax on its net long-term capital gain. In that case, to the extent that the Company made a timely designation of such gain, a U.S. stockholder would be taxed on its proportionate share of the Company's undistributed long-term capital gain and would receive a credit or refund for its proportionate share of the tax the Company paid.
- the Company will be subject to a 100% excise tax on transactions with a TRS that are not conducted on an arm's-length basis.
- if the Company acquires any asset from a non-REIT C corporation in a merger or other transaction in which the Company acquires a basis in the asset that is determined by reference either to the non-REIT C corporation's basis in the asset or to another asset, the Company will pay tax at the highest regular corporate rate applicable if it recognizes gain on the sale or disposition of the asset during the five-year period after it acquires the asset, provided no election is made for the transaction to be taxable on a current basis. This tax will generally apply to gain recognized with respect to assets that the Company holds as of the effective date of its REIT election (January 1, 2017) if such gain is recognized during the five-year period following such effective date or it may apply if the Company were to engage in (or, potentially, become a successor to an entity that had engaged in) a tax-free spin-off transaction under Section 355 of the Code within 5 years of such effective date. The amount of gain on which the Company would pay tax in the foregoing circumstances is the lesser of:
- the amount of gain that the Company recognizes at the time of the sale or disposition (or would have recognized if, at the time of a spin-off transaction described above, the Company had disposed of the applicable asset); and
- the amount of gain that the Company would have recognized if it had sold the asset at the time the Company acquired it, assuming that the non-REIT C corporation will not elect in lieu of this treatment an immediate tax when the asset is acquired.
- the Company may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to meet recordkeeping requirements intended to monitor its compliance with rules relating to the composition of a REIT's stockholders, as described below in the section entitled "—Requirements for Qualification—Recordkeeping Requirements."
- the earnings of the Company's lower-tier entities that are subchapter C corporations, excluding any qualified REIT subsidiaries, which we refer to as QRSs, but including domestic TRSs, are subject to U.S. federal corporate income tax.

In addition, the Company and its subsidiaries may be subject to a variety of taxes, including payroll taxes and state, local and foreign income, property and other taxes on its assets and operations. The Company could also be subject to tax in situations and on transactions not presently contemplated. Moreover, as described further below, the Company's TRSs will be subject to U.S. federal, state and local corporate income tax on their taxable income. Due to the nature of the assets in which the Company invests, the Company's TRSs have, and the Company expects the TRSs will continue to have, a material amount of assets and net taxable income.

Requirements for Qualification

A REIT is a corporation, trust or association that meets each of the following requirements:

1. It is managed by one or more trustees or directors.

2. Its beneficial ownership is evidenced by transferable shares or by transferable certificates of beneficial interest.
3. It would be taxable as a domestic corporation but for the REIT provisions of the U.S. federal income tax laws.
4. It is neither a financial institution nor an insurance company subject to special provisions of the U.S. federal income tax laws.
5. At least 100 persons are beneficial owners of its shares or ownership certificates.
6. Not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals, which the Code defines to include certain entities, during the last half of any taxable year.
7. It elects to be a REIT, or has made such election for a previous taxable year, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status.
8. It meets certain other qualification tests, described below, regarding the nature of its income and assets and the amount of its distributions to stockholders.
9. It uses a calendar year for U.S. federal income tax purposes.

The Company must meet requirements 1 through 4, 8 and 9 during its entire taxable year and must meet requirement 5 during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Requirements 5 and 6 began applying to the Company with its 2018 taxable year. If the Company complies with all the requirements for ascertaining the ownership of its outstanding shares in a taxable year and has no reason to know that it violated requirement 6, it will be deemed to have satisfied requirement 6 for that taxable year. For purposes of determining share ownership under requirement 6, an "individual" generally includes a supplemental unemployment compensation benefits plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes. An "individual," however, generally does not include a trust that is a qualified employee pension or profit-sharing trust under the U.S. federal income tax laws, and beneficiaries of such a trust will be treated as holding our stock in proportion to their actuarial interests in the trust for purposes of requirement 6. The Company expects to issue sufficient stock with sufficient diversity of ownership to satisfy requirements 5 and 6. In addition, the Company's charter restricts the ownership and transfer of our stock so that it should continue to satisfy these requirements. To monitor compliance with the stock ownership requirements, we are generally required to maintain records regarding the actual ownership of our stock. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the stock (i.e., the persons required to include in gross income the dividends paid by us). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these recordkeeping requirements. A stockholder that fails or refuses to comply with the demand is required by Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of our stock and other information. For purposes of requirement 9, we have adopted December 31 as our year end, and thereby satisfy this requirement.

Relief from Violations; Reasonable Cause

The Internal Revenue Code provides relief from violations of the REIT gross income requirements, as described below under "—Requirements for Qualification—Gross Income Tests," in cases where a violation is due to reasonable cause and not to willful neglect, and other requirements are met, including the payment of a penalty tax that is based upon the magnitude of the violation. In addition, certain provisions of the Internal Revenue Code extend similar relief in the case of certain violations of the REIT asset requirements (see "—Requirements for Qualification—Asset Tests" below) and other REIT requirements, again provided that the violation is due to reasonable cause and not willful neglect, and other conditions are met, including the payment of a penalty tax. If we did not have reasonable cause for a failure, we would fail to qualify as a REIT. Whether we would have reasonable cause for any such failure cannot be known with certainty because the determination of whether reasonable cause exists depends on the facts and circumstances at the time and we cannot provide any assurance that we in fact would have reasonable cause for a particular failure or that the IRS would not successfully challenge our view that a failure was due to reasonable cause. Moreover, we may be unable to actually rectify a failure and restore asset test compliance within the required timeframe due to the inability to transfer or otherwise dispose of assets, including as a result of restrictions on transfer imposed by our lenders or undertakings with our co-investors and/or the inability to acquire additional qualifying assets due to transaction risks, access to additional capital or other considerations. If we fail to satisfy any of the various REIT requirements, there can be no assurance that these relief provisions would be available to enable us to maintain our qualification as a REIT, and, if such relief provisions are available, the amount of any resultant penalty tax could be substantial.

Effect of Subsidiary Entities

Qualified REIT Subsidiaries. A corporation that is a QRS is not treated as a corporation separate from its parent REIT. All assets, liabilities and items of income, deduction and credit of a QRS are treated as assets, liabilities and items of income, deduction and credit of the REIT. A QRS is a corporation, other than a TRS, all the stock of which is owned by the REIT. Thus, in applying the requirements described herein, any QRS that the Company owns will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiary will be treated as the Company's assets, liabilities and items of income, deduction and credit.

Other Disregarded Entities and Partnerships. An unincorporated domestic entity, such as a partnership or limited liability company, that has a single owner for U.S. federal income tax purposes generally is not treated as an entity separate from its owner for U.S. federal income tax purposes. An unincorporated domestic entity with two or more owners is generally treated as a partnership for U.S. federal income tax purposes. In the case of a REIT that is a partner in a partnership that has other partners, the REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Thus, the Company's proportionate share of the assets, liabilities and items of income of Colony Capital Operating Company, LLC, which we refer to as the Operating Partnership, and any other partnership, joint venture or limited liability company that is treated as a partnership for U.S. federal income tax purposes in which it has acquired or will acquire an interest, directly or indirectly, or a subsidiary partnership, will be treated as its assets and gross income for purposes of applying the various REIT qualification requirements. For purposes of the 10% value test (described in the section entitled "—Asset Tests"), the Company's proportionate share is based on its proportionate interest in the equity interests and certain debt securities issued by the partnership. For all of the other asset and income tests, the Company's proportionate share is based on its proportionate interest in the capital of the partnership.

The Company holds and expects to acquire limited partner or non-managing member interests in partnerships and limited liability companies that are joint ventures or investment funds. If a partnership or limited liability company in which the Company owns a direct or indirect interest takes or expects to take actions that could jeopardize its qualification as a REIT or require it to pay tax, the Company may be forced to dispose of its interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause the Company to fail a REIT gross income or asset test, and that the Company would not become aware of such action in time to dispose of its interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, the Company could fail to qualify as a REIT unless it was able to qualify for a statutory REIT "savings" provision, which may require it to pay a significant penalty tax to maintain its REIT qualification.

Taxable REIT Subsidiaries. A REIT may own up to 100% of the stock of one or more TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying income if earned directly by its parent REIT or through a disregarded or partnership subsidiary. The subsidiary corporation and the REIT must jointly elect to treat the subsidiary as a TRS. Any corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS.

A REIT is not treated as holding the assets of a TRS or as receiving any income that the TRS earns. Rather, the stock issued by the TRS is an asset in the hands of the parent REIT and the REIT recognizes as income the dividends, if any, that it receives from the TRS. This treatment can affect the income and asset test calculations that apply to the REIT. Because a parent REIT does not include the assets and income of such TRSs in determining the parent REIT's compliance with the REIT requirements, TRSs may be used by the parent REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries (for example, activities that give rise to certain categories of income such as management fees).

However, an entity will not qualify as a TRS if it directly or indirectly operates or manages a lodging or health care facility or, generally, provides rights to any brand name under which any lodging or health care facility is operated, unless such rights are provided to an "eligible independent contractor" to operate or manage a lodging facility or a health care facility if such rights are held by the TRS as a franchisee, licensee or in a similar capacity and such lodging facility or health care facility is either owned by the TRS or leased to the TRS by its parent REIT. A TRS will not be considered to operate or manage a qualified lodging facility or a qualified health care property solely because the TRS directly or indirectly possesses a license, permit or similar instrument enabling it to do so. Additionally, a TRS will not be considered to operate or manage a qualified lodging facility or qualified health care property located outside of the United States, as long as an "eligible independent contractor" is responsible for the daily supervision and direction of such individuals on behalf of the TRS pursuant to a management agreement or similar service contract. An "eligible independent contractor" is, generally, with respect to any qualified lodging facility or qualified health care property, any independent contractor (as defined in Section 856(d)(3) of the Code) if, at the time such contractor enters into a management agreement or other similar service contract with the TRS to operate such qualified lodging facility or qualified health care property, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities or qualified health care properties, respectively, for any person who is not a related person with respect to the parent REIT or the TRS. The Company expects to acquire equity interests in health care properties and lodging facilities. The Company may lease qualified health care properties or qualified lodging facilities to a TRS of the Company, which TRS will, in turn, engage "eligible independent contractors" to operate such properties. We may also own health care properties or lodging facilities through a TRS, which would engage "eligible independent contractors" to operate such facilities. We have taken, and will continue to take, all steps reasonably practicable to ensure that no TRS will engage in "operating" or "managing" its health care properties or lodging facilities and that the management companies engaged to operate such health care properties or lodging facilities will qualify as "eligible independent contractors."

Domestic TRSs are subject to U.S. federal income tax, and state and local income tax, where applicable, on their taxable income. To the extent that a domestic TRS is required to pay taxes, it will have less cash available for distribution to the Company. If dividends are paid to the Company by its domestic TRSs, then the dividends it pays to our stockholders who are taxed at individual rates, up to the amount of dividends it receives from its domestic TRSs, will generally be eligible to be taxed at the reduced 20% rate applicable to qualified dividend income.

The TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's tenants that are not conducted on an arm's-length basis. See "—Interest Deduction Limitation Enacted by H.R. 1."

We hold a significant amount of assets in one or more TRSs, and are subject to the limitation that securities in TRSs may not represent more than 20% (25% with respect our taxable year ended December 31, 2017) of the value of the Company's total assets. There can be no assurance that we will be able to comply with the 20% or 25% limitations.

In general, the Company intends that any loans that are originated or acquired with an intention of selling such loans in a manner that might expose us to a 100% tax on "prohibited transactions" if originated or acquired by us directly, will instead be originated or acquired by a TRS. Refer to the section entitled "—Gross Income Tests—Prohibited Transactions." It is possible that such a TRS through which sales of securities are made may be treated as a "dealer" for U.S. federal income tax purposes. As a dealer, a TRS would generally mark all the securities it holds on the last day of each taxable year to their market value, and will recognize ordinary income or loss on such securities with respect to such taxable year as if they had been sold for that value on that day. In addition, a TRS may further elect to be subject to the mark-to-market regime described above in the event that the TRS is properly classified as a "trader" as opposed to a "dealer" for U.S. federal income tax purposes.

We have made, and expect to continue to make, TRS elections with respect to certain foreign TRSs, including any issuers of collateralized debt obligations and other foreign TRSs. The Code and Treasury Regulations promulgated thereunder provide a specific exemption from U.S. federal income tax to non-U.S. corporations that restrict their activities in the United States to trading in stocks and securities (or any other activity closely related thereto) for their own account, whether such trading (or such other activity) is conducted by the corporation or its employees through a resident broker, commission agent, custodian or other agent. The Company's foreign TRSs intend to rely on such exemption and do not intend to operate so as to be subject to U.S. federal income tax on their net income. Therefore, despite their status as TRSs, the Company's foreign TRSs generally would not be subject to U.S. federal corporate income tax on their earnings. No assurance can be given, however, that the IRS will not challenge this treatment. If the IRS were to succeed in such a challenge, then it could greatly reduce the amounts that the Company's foreign TRSs would have available to distribute to the Company and to pay to their creditors. Notwithstanding these rules, any gain recognized by a foreign corporation with respect to U.S. real property is subject to U.S. tax as if the foreign corporation were a U.S. taxpayer. It is not anticipated that our foreign TRSs will hold U.S. real property other than by foreclosure. Nevertheless, gain (if any) realized on foreclosed U.S. real property would be subject to U.S. tax.

Certain U.S. stockholders of certain non-U.S. corporations, such as the Company's foreign TRSs, are required to include in their income currently their proportionate share of the earnings of such a corporation, whether or not such earnings are distributed. We generally will be required to include in income, on a current basis, the earnings of its foreign TRSs. For a discussion of the treatment of the income inclusions from the Company's foreign TRSs under the gross income tests, refer to the section entitled "—Gross Income Tests."

Subsidiary REITs. We own interests (directly or indirectly) in one or more entities that qualify as REITs. We believe that each such REIT has operated, and will continue to operate, in a manner to permit us to qualify for taxation as a REIT for U.S. federal income tax purposes and that stock in any such REIT will thus be a qualifying asset for purposes of the 75% asset test. However, if any such REIT fails to qualify as a REIT then (i) the entity would become subject to regular corporate income tax, as described herein (refer below to the section entitled "—Failure to Qualify") and (ii) the Company's equity interest in such entity would cease to be a qualifying real estate asset for purposes of the 75% asset test and, if our protective TRS elections were ineffective, would become subject to the 5% asset test and the 10% vote or value test generally applicable to the Company's ownership in corporations other than REITs, QRSs or TRSs (refer below to the section entitled "—Asset Tests"). If such an entity failed to qualify as a REIT, it is possible that we would not meet the 75% asset test, the 5% asset test, and/or the 10% vote or value test with respect to its interest in such entity, in which event we would fail to qualify as a REIT, unless we qualify for certain relief provisions.

Taxable Mortgage Pools. An entity, or a portion of an entity, may be classified as a taxable mortgage pool, which we refer to as a TMP, under the Code if:

- substantially all of its assets consist of debt obligations or interests in debt obligations;
- more than 50% of those debt obligations are real estate mortgages or interests in real estate mortgages as of specified testing dates;
- the entity has issued debt obligations that have two or more maturities; and
- the payments required to be made by the entity on its debt obligations "bear a relationship" to the payments to be received by the entity on the debt obligations that it holds as assets.

Under the Treasury Regulations, if less than 80% of the assets of an entity (or a portion of an entity) consists of debt obligations, these debt obligations are considered not to comprise "substantially all" of its assets and therefore the entity would not be treated as a TMP. Financing arrangements entered into, directly or indirectly, by the Company may give rise to TMPs, with the consequences described in the next paragraph.

A TMP generally is treated as a corporation for U.S. federal income tax purposes. However, special rules apply to a REIT, a portion of a REIT, or a QRS that is a TMP. If a REIT owns directly, or indirectly through one or more QRSs or other entities that are disregarded as separate entities for U.S. federal income tax purposes, 100% of the equity interests in the TMP, the TMP will be a QRS and, therefore, ignored as an entity separate from the REIT for U.S. federal income tax purposes and would not generally affect the tax qualification of the REIT. It is possible that, based on future financing structures or investments, we would have a QRS that is a TMP or a subsidiary that is a REIT and a TMP or a separate corporation that is taxable as a corporation.

If the Company has an investment in an arrangement that is classified as a TMP, that TMP arrangement will be subject to tax as a separate corporation unless the Company owns 100% of the equity in such TMP arrangement so that it is treated as a QRS, as discussed above. Whether an arrangement is or is not a TMP may not be susceptible to precise determination. If an investment in which the Company owns an interest is characterized as a TMP and thus as a separate corporation, the Company will satisfy the 100% ownership requirement only so long as it owns all classes of securities that for tax purposes are characterized as equity, which is often an uncertain factual issue and in any event is unlikely in the Company's case given that it expects to generally hold its assets through the Company's Operating Partnership. Accordingly, if an investment in which the Company owns an interest is characterized as a TMP that does not qualify as a QRS, the Company may be unable to comply with the REIT asset tests that restrict its ability to own most corporations.

Tax-exempt investors, regulated investment company or REIT investors, non-U.S. investors and taxpayers with net operating losses should carefully consider the tax consequences described above, and are urged to consult their tax advisors.

Gross Income Tests

The Company must satisfy two gross income tests annually to qualify as a REIT. First, at least 75% of the Company's gross income for each taxable year must consist of defined types of income that it derives, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income. Qualifying income for purposes of the 75% gross income test generally includes:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property;
- dividends or other distributions on, and gain from the sale of, shares in other REITs;
- gain from the sale of real estate assets;
- income and gain derived from foreclosure property;
- income derived from a REMIC in proportion to the real estate assets held by the REMIC, unless at least 95% of the REMIC's assets are real estate assets, in which case all of the income derived from the REMIC; and

- income derived from the temporary investment of new capital that is attributable to the issuance of our stock or a public offering of our debt with a maturity date of at least five years that is received during the one-year period beginning on the date on which we received such new capital.

Although a debt instrument issued by a “publicly offered REIT” (*i.e.*, a REIT that is required to file annual and periodic reports with the SEC under the Exchange Act) is treated as a “real estate asset” for purposes of the asset tests, the interest income and gain from the sale of such debt instruments is not treated as qualifying income for the 75% gross income test unless the debt instrument is secured by real property or an interest in real property.

Second, in general, at least 95% of the Company’s gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of stock or securities or any combination of these. For purposes of the 95% gross income test, gain from the sale of securities includes gain from the sale of a debt instrument issued by a “publicly offered REIT” even if not secured by real property or an interest in real property. Gross income from the sale of property that the Company holds primarily for sale to customers in the ordinary course of business and cancellation of indebtedness, which we refer to as COD, income is excluded from both the numerator and the denominator in both income tests. Income and gain from “qualified hedging transactions,” as defined below in “—Hedging Transactions,” that are clearly and timely identified as such are excluded from both the numerator and the denominator for purposes of the 75% and 95% gross income tests. In addition, certain foreign currency gains are excluded from gross income for purposes of one or both of the gross income tests. Refer below to the section entitled “—Foreign Currency Gain.” The following paragraphs discuss the specific application of the gross income tests to the Company.

Rents from Real Property

Rent that the Company receives from its real property will qualify as “rents from real property” which is qualifying income for purposes of the 75% and 95% gross income tests, only if the following conditions are met:

- First, the rent must not be based, in whole or in part, on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of receipts or sales.
- Second, rents the Company receives from a “related party tenant” will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a TRS, and either: (i) at least 90% of the property is leased to unrelated tenants and the rent paid by the TRS is substantially comparable to
- the rent paid by the unrelated tenants for comparable space; or (ii) the TRS leases a qualified lodging facility or qualified health care property and engages an eligible independent contractor, as defined above in “—Taxable REIT Subsidiaries,” to operate such facility or property on its behalf. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant.
- Third, if rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as rents from real property. However, if the 15% threshold is exceeded, the rent attributable to personal property will not qualify as rents from real property.
- Fourth, the Company generally must not operate or manage its real property or furnish or render services to its tenants, other than through an “independent contractor” who is adequately compensated and from whom the Company does not derive revenue. However, the Company may provide services directly to tenants if the services are “usually or customarily rendered” in connection with the rental of space for occupancy only and are not considered to be provided for the tenants’ convenience. In addition, the Company may provide a minimal amount of “noncustomary” services to the tenants of a property, other than through an independent contractor, as long as its income from the services (valued at not less than 150% of the Company’s direct cost of performing such services) does not exceed 1% of its income from the related property. Furthermore, the Company may own up to 100% of the stock of a TRS which may provide customary and noncustomary services to its tenants without tainting the rental income for the related properties. Refer to the section entitled “—Taxable REIT Subsidiaries.”

Unless the Company determines that the resulting non-qualifying income under any of the following circumstances, taken together with all other non-qualifying income earned by it in the taxable year, will not jeopardize its qualification as a REIT, the Company does not intend to:

- derive rental income attributable to personal property other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease;

- rent any property to a related party tenant, including, except with respect to qualified health care properties and qualified lodging facilities, a TRS;
- charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage or percentages of receipts or sales, as described above; or
- directly perform services considered to be noncustomary or provided for the tenant's convenience.

With respect to the Company's health care properties and lodging facilities leased to one of its TRSs, for the rent paid pursuant to the leases to constitute "rents from real property," the leases must be respected as true leases for U.S. federal income tax purposes. Accordingly, the leases cannot be treated as service contracts, joint ventures or some other type of arrangement. The determination of whether the leases are true leases for U.S. federal income tax purposes depends upon an analysis of all the surrounding facts and circumstances. In making such a determination, courts have considered a variety of factors, including the following:

- the intent of the parties;
- the form of the agreement;
- the degree of control over the property that is retained by the property owner (for example, whether the lessee has substantial control over the operation of the property or whether the lessee was required simply to use its best efforts to perform its obligations under the agreement); and
- the extent to which the property owner retains the risk of loss with respect to the property (for example, whether the lessee bears the risk of increases in operating expenses or the risk of damage to the property) or the potential for economic gain with respect to the property.

In addition, Section 7701(e) of the Code provides that a contract that purports to be a service contract or a partnership agreement is treated instead as a lease of property if the contract is properly treated as such, taking into account all relevant factors. Since the determination of whether a service contract should be treated as a lease is inherently factual, the presence or absence of any single factor may not be dispositive in every case.

The Company has structured, and will continue to structure, its health care property and lodging facility leases to qualify as true leases for U.S. federal income tax purposes. For example, with respect to the leases, generally:

- the property owning entity and the lessee intend for their relationship to be that of a lessor and lessee, and such relationship will be documented by a lease agreement;
- the lessee has the right to exclusive possession and use and quiet enjoyment of the property covered by the lease during the term of the lease;
- the lessee bears the cost of, and is responsible for, day-to-day maintenance and repair of the property other than the cost of certain capital expenditures, and dictates through the property manager, who works for the lessee during the terms of the lease, how the property is operated and maintained;
- the lessee bears all of the costs and expenses of operating the property, including the cost of any inventory used in their operation, during the term of the lease, other than the cost of certain furniture, fixtures and equipment, and certain capital expenditures;
- the lessee benefits from any savings and bears the burdens of any increases in the costs of operating the property during the term of the lease;
- in the event of damage or destruction to a property, the lessee will be at economic risk because it will bear the economic burden of the loss in income from operation of the property subject to the right, in certain circumstances, to terminate the lease if the lessor does not restore the property to its prior condition;
- the lessee generally indemnifies the lessor against all liabilities imposed on the lessor during the term of the lease by reason of (A) injury to persons or damage to property occurring at the property or (B) the lessee's use, management, maintenance or repair of the property;
- the lessee is obligated to pay, at a minimum, substantial base rent for the period of use of the property under the lease;
- the lessee stands to incur substantial losses or reap substantial gains depending on how successfully it, through the property manager, who works for the lessee during the terms of the leases, operates the property;
- the lease enables the tenant to derive a meaningful profit, after expenses and taking into account the risks associated with the lease, from the operation of the property during the term of the lease; and

- upon termination of the lease, the property will be expected to have a remaining useful life equal to at least 20% of its expected useful life on the date the lease is entered into, and a fair market value equal to at least 20% of its fair market value on the date the lease was entered into.

If, however, a lease were recharacterized as a service contract or partnership agreement, rather than a true lease, or disregarded altogether for tax purposes, all or part of the payments that the lessor receives from the lessee would not be considered rent and would not otherwise satisfy the various requirements for qualification as "rents from real property."

As indicated above, "rents from real property" must not be based in whole or in part on the income or profits of any person. The Company intends to structure its health care property and lodging facility leases such that the leases provide for periodic payments of a specified base rent plus, to the extent that it exceeds the base rent, additional rent which is calculated based upon the gross revenues of the facilities subject to the lease, plus certain other amounts. Payments made pursuant to these leases should qualify as "rents from real property" since they are generally based on either fixed dollar amounts or on specified percentages of gross sales fixed at the time the leases were entered into. The foregoing assumes that the leases will not be renegotiated during their term in a manner that has the effect of basing either the percentage rent or base rent on income or profits.

The foregoing also assumes that the leases are not in reality used as a means of basing rent on income or profits. More generally, the rent payable under the leases will not qualify as "rents from real property" if, considering the leases and all the surrounding circumstances, the arrangement does not conform with normal business practice. It is the Company's intention not to renegotiate the percentages used to determine the percentage rent during the terms of the leases in a manner that has the effect of basing rent on income or profits. In addition, the Company intends to structure its leases to ensure that the rental provisions and other terms of the leases conform with normal business practice and are not intended to be used as a means of basing rent on income or profits.

The Company expects to lease certain items of personal property to its TRS lessees in connection with its lodging facility leases. Under the Code, if a lease provides for the rental of both real and personal property and the portion of the rent attributable to personal property is 15% or less of the total rent due under the lease, then all rent paid pursuant to such lease qualifies as "rents from real property." If, however, a lease provides for the rental of both real and personal property, and the portion of the rent attributable to personal property exceeds 15% of the total rent due under the lease, then no portion of the rent that is attributable to personal property will qualify as "rents from real property." The amount of rent attributable to personal property is the amount that bears the same ratio to total rent for the taxable year as the average of the fair market value of the personal property at the beginning and end of the year bears to the average of the aggregate fair market value of both the real and personal property at the beginning and end of such year. The Company expects that, with respect to its lodging facility leases, either the amount of rent attributable to personal property will not exceed 15% of the total rent due under the lease (determined under the law in effect for the applicable period), or, if the rent attributable to personal property constitutes non-qualifying income, such amounts, when taken together with all other non-qualifying income earned by the Company, will not jeopardize its qualification as a REIT.

Interest

The term "interest," as defined for purposes of both gross income tests, generally excludes any amount that is based, in whole or in part, on the income or profits of any person. However, interest generally includes the following:

- an amount that is based on a fixed percentage or percentages of receipts or sales; and
- an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt from leasing substantially all of its interest in the property and only to the extent that the amounts received by the debtor would be qualifying "rents from real property" if received directly by a REIT.

If a loan contains a provision that entitles a REIT to a percentage of the borrower's gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property's value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests, provided that the property is not inventory or dealer property in the hands of the borrower or the REIT.

Interest on debt secured by mortgages on real property or on interests in real property (including, in the case of a loan secured by real property and personal property, such personal property to the extent that it does not exceed 15% of the total fair market value of all such property securing the loan), including, for this purpose, prepayment penalties, loan assumption fees and late payment charges that are not compensation for services, generally is qualifying income for purposes of the 75% gross income test. In general, under applicable Treasury Regulations, if a loan is secured by real property and other property and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan determined as of: (i) the date the Company agreed to acquire or originate the loan; or (ii) as discussed further below, in the event of a “significant modification,” the date the Company modified the loan, then a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test, but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the portion of the principal amount of the loan that is not secured by real property—that is, the amount by which the loan exceeds the value of the real property that is security for the loan. As discussed further below, IRS guidance provides that the Company does not need to redetermine fair market value of the real property securing the loan in connection with a loan modification that is occasioned by a borrower default or made at a time when the Company reasonably believes that the modification to the loan will substantially reduce a significant risk of default on the loan.

The Company may invest in loans secured by real property that is under construction or being significantly improved, in which case the value of the real estate that is security for the loan will be the fair market value of the land plus the reasonably estimated cost of the improvements or developments (including, in the case of a loan secured by real property and personal property, such personal property to the extent that it does not exceed 15% of the total fair market value of all such property securing the loan) which will secure the loans and which are to be constructed from proceeds of the loan.

The Company holds certain mezzanine loans and may originate or acquire other mezzanine loans. Mezzanine loans are loans secured by equity interests in an entity that directly or indirectly owns real property, rather than by a direct mortgage of the real property. In Revenue Procedure 2003-65, the IRS established a safe harbor under which loans secured by a first priority security interest in ownership interests in a partnership or limited liability company owning real property will be treated as real estate assets for purposes of the REIT asset tests described below, and interest derived from those loans will be treated as qualifying income for both the 75% and 95% gross income tests, provided several requirements are satisfied.

Although Revenue Procedure 2003-65 provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. Moreover, the Company expects that some of its mezzanine loans may not meet all of the requirements for reliance on the safe harbor. To the extent any mezzanine loans that the Company originates or acquires do not qualify for the safe harbor described above, the interest income from the loans will be qualifying income for purposes of the 95% gross income test, but there is a risk that such interest income will not be qualifying income for purposes of the 75% gross income test. We believe that we currently invest in mezzanine loans, and intend to continue to invest in mezzanine loans, in a manner that will enable us to satisfy the REIT gross income and asset tests.

The Company and its subsidiaries hold certain participation interests, or subordinated mortgage interests, in mortgage loans and mezzanine loans originated by other lenders. A subordinated mortgage interest is an interest created in an underlying loan by virtue of a participation or similar agreement, to which the originator of the loan is a party, along with one or more participants. The borrower on the underlying loan is typically not a party to the participation agreement. The performance of a participant’s investment depends upon the performance of the underlying loan and if the underlying borrower defaults, the participant typically has no recourse against the originator of the loan. The originator often retains a senior position in the underlying loan and grants junior participations, which will be a first loss position in the event of a default by the borrower. The Company expects that its (and its subsidiaries’) participation interests generally will qualify as real estate assets for purposes of the REIT asset tests described below and that interest derived from such investments generally will be treated as qualifying interest for purposes of the 75% gross income test. The appropriate treatment of participation interests for U.S. federal income tax purposes is not entirely certain, however, and no assurance can be given that the IRS will not challenge the Company’s treatment of its participation interests.

Many of the terms of the mortgage loans, mezzanine loans and subordinated mortgage interests and the loans supporting the mortgage-backed securities that the Company holds or expects to acquire have been modified and may in the future be modified. Under the Code, if the terms of a loan are modified in a manner constituting a “significant modification,” such modification triggers a deemed exchange of the original loan for the modified loan. Revenue Procedure 2014-51 provides a safe harbor pursuant to which the Company will not be required to redetermine the fair market value of the real property securing a loan for purposes of the gross income and asset tests in connection with a loan modification that is: (i) occasioned by a borrower default; or (ii) made at a time when the Company reasonably believes that the modification to the loan will substantially reduce a significant risk of default on the original loan. No assurance can be provided that all of the Company’s loan modifications will qualify for the safe harbor in Revenue Procedure 2014-51. To the extent the Company significantly modifies loans in a manner that does not qualify for that safe harbor, it will be required to redetermine the value of the real property securing the loan at the time it was significantly modified. In determining the value of the real property securing such a loan, the Company generally will not obtain third-party appraisals but rather will rely on internal valuations. No assurance can be provided that the IRS will not successfully challenge the Company’s internal valuations. If the terms of the Company’s mortgage loans, mezzanine loans and subordinated mortgage interests and loans supporting its mortgage-backed securities are significantly modified in a manner that does not qualify for the safe harbor in Revenue Procedure 2014-51 and the fair market value of the real property securing such loans has decreased significantly, the Company could fail the 75% gross income test, the 75% asset test and/or the 10% value test.

The Company and its subsidiaries also hold, and may in the future, acquire distressed mortgage loans. Revenue Procedure 2014-51 provides that the IRS will treat distressed mortgage loans acquired by a REIT that are secured by real property and other property as producing in part non-qualifying income for the 75% gross income test. Specifically, Revenue Procedure 2014-51 indicates that interest income on such a distressed mortgage loan will be treated as qualifying income based on the ratio of: (i) the fair market value of the real property securing the debt determined as of the date the REIT committed to acquire the loan; and (ii) the face amount of the loan (and not the purchase price or current value of the debt). The face amount of a distressed mortgage loan will typically exceed the fair market value of the real property securing the mortgage loan on the date the REIT commits to acquire the loan. It is unclear how the safe harbor in Revenue Procedure 2014-51 is affected by the recent legislative changes regarding the treatment of personal property securing a mortgage loan. The Company intends to invest in distressed mortgage loans in a manner that consistent with qualifying as a REIT.

The Company and its subsidiaries have entered into certain sale and repurchase agreements under which it nominally sells certain mortgage assets to a counterparty and simultaneously enters into an agreement to repurchase the sold assets. Based on positions the IRS has taken in analogous situations, the Company believes that it will be treated for purposes of the REIT gross income and asset tests (refer below to the section entitled "—Asset Tests") as the owner of the mortgage assets that are the subject of any such agreement notwithstanding that record ownership of the assets is transferred to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that the Company does not own the mortgage assets during the term of the sale and repurchase agreement, in which case its ability to qualify as a REIT could be adversely affected.

The Company may invest in other agency securities that are pass-through certificates. The Company expects that any such agency securities will be treated as either interests in a grantor trust or as interests in a REMIC for U.S. federal income tax purposes and that all interest income from such agency securities will be qualifying income for the 95% gross income test. In the case of agency securities treated as interests in grantor trusts, the Company would be treated as owning an undivided beneficial ownership interest in the mortgage loans held by the grantor trust. The interest on such mortgage loans would be qualifying income for purposes of the 75% gross income test to the extent that such loan is secured by real property, as discussed above. In the case of agency securities treated as interests in a REMIC, income derived from such REMIC interests generally will be treated as qualifying income for purposes of the 75% gross income test. As discussed above, however, if less than 95% of the assets of the REMIC are real estate assets then only a proportionate part of the income derived from the Company's interest in the REMIC will qualify for purposes of the 75% gross income tests. To the extent that a REMIC interest includes an imbedded interest swap or cap contract or other derivative instrument, such derivative instrument could produce non-qualifying income for purposes of the 75% gross income test. The Company expects that substantially all of its income from agency securities will be qualifying income for purposes of the 75% and 95% gross income tests.

Dividends; Subpart F Income

The Company's share of any dividends received from any corporation (including any TRS, but excluding any REIT) in which it owns an equity interest will qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test. The Company's share of any dividends received from any other REIT in which it owns an equity interest, including any subsidiary REIT, will be qualifying income for purposes of both gross income tests.

In addition, the Company may be required to include in gross income its share of "Subpart F income" of one or more foreign (non-U.S.) corporations in which it invests, including its foreign TRSs, regardless of whether it receives distributions from such corporations. The Company will treat certain income inclusions received with respect to equity investments in foreign TRSs as qualifying income for purposes of the 95% gross income test but not the 75% gross income test. The IRS has issued private letter rulings to other taxpayers concluding that similar income inclusions will be treated as qualifying income for purposes of the 95% gross income test. Those private letter rulings can only be relied upon by the taxpayers to whom they were issued. No assurance can be provided that the IRS will not successfully challenge the Company's treatment of such income inclusions.

Fee Income

The Company expects to receive various fees in connection with its operations. Fee income will be qualifying income for purposes of both the 75% and 95% gross income tests if it is received in consideration for entering into an agreement to make a loan secured by mortgages on or interests in real property, and the fees are not determined by the income and profits of any person. Other fees, such as origination and servicing fees, fees for acting as a broker-dealer and fees for managing investments for third parties, are not qualifying income for purposes of either gross income test. Any fees earned by a TRS are not included for purposes of the gross income tests.

Hedging Transactions

From time to time, the Company and its subsidiaries expect to enter into hedging transactions with respect to one or more of its assets or liabilities. The Company's hedging activities may include entering into interest rate swaps, caps and floors, options to purchase such items and futures and forward contracts. Income and gain from "qualified hedging transactions" are excluded from gross income for purposes of the 75% and 95% gross income tests. A "qualified hedging transaction" includes: (i) any transaction entered into in the normal course of the Company's trade or business primarily to manage the risk of interest rate, price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets; (ii) any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain); and (iii) any transaction entered into to "offset" a transaction described in (i) or (ii) if a portion of the hedged indebtedness is extinguished or the related property disposed of. The Company will be required to clearly identify any such hedging transaction before the close of the day on which it was acquired, originated or entered into and to satisfy other identification requirements in order to be treated as a qualified hedging transaction. The Company intends to structure any hedging transactions in a manner that does not jeopardize its qualification as a REIT.

COD Income

From time to time, the Company and its subsidiaries may recognize COD income, in connection with repurchasing debt at a discount. COD income is excluded from gross income for purposes of both the 75% and 95% gross income tests.

Foreign Currency Gain

Certain foreign currency gain is excluded from gross income for purposes of one or both of the gross income tests. "Real estate foreign exchange gain" is excluded from gross income for purposes of the 75% gross income test. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations and certain foreign currency gain attributable to certain "qualified business units" of a REIT. "Passive foreign exchange gain" is excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or on interests in real property. Because passive foreign exchange gain includes real estate foreign exchange gain, real estate foreign exchange gain is excluded from gross income for purposes of both the 75% and 95% gross income tests. These exclusions for real estate foreign exchange gain and passive foreign exchange gain do not apply to certain foreign currency gain derived from dealing, or engaging in substantial and regular trading, in securities, which is treated as non-qualifying income for purposes of both the 75% and 95% gross income tests.

Prohibited Transactions

A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. The Company believes that none of its assets are held or will be held primarily for sale to customers and that a sale of any of its assets has not been, and will not be, in the ordinary course of its business. Whether a REIT holds an asset "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. A safe harbor to the characterization of the sale of property by a REIT as a prohibited transaction and the 100% prohibited transaction tax is available if the following requirements are met:

- the REIT has held the property for not less than two years;
- the aggregate expenditures made by the REIT, or any partner of the REIT, during the two-year period preceding the date of the sale that are includable in the basis of the property do not exceed 30% of the selling price of the property;
- either: (i) during the year in question, the REIT did not make more than seven sales of property other than foreclosure property or sales to which Section 1031 or 1033 of the Code applies; (ii) the aggregate adjusted bases of all such properties sold by the REIT during the year did not exceed 10% of the aggregate bases of all of the

assets of the REIT at the beginning of the year; (iii) the aggregate fair market value of all such properties sold by the REIT during the year did not exceed 10% of the aggregate fair market value of all of the assets of the REIT at the beginning of the year; (iv)(A) the aggregate adjusted tax bases of all such properties sold by the REIT during the year did not exceed 20% of the aggregate adjusted bases of all property of the REIT at the beginning of the year and (B) the three-year average percentage of properties sold by the REIT compared to all the REIT's properties (measured by adjusted bases) taking into account the current and two prior years did not exceed 10%; or (v)(A) the aggregate fair market value of all such properties sold by the REIT during the year did not exceed 20% of the aggregate fair market value of all property of the REIT at the beginning of the year and (B) the three-year average percentage of properties sold by the REIT compared to all the REIT's properties (measured by fair market value) taking into account the current and two prior years did not exceed 10%;

- in the case of property not acquired through foreclosure or lease termination, the REIT has held the property for at least two years for the production of rental income; and
- if the REIT has made more than seven sales of non-foreclosure property during the taxable year, substantially all of the marketing and development expenditures with respect to the property were made through an independent contractor from whom the REIT derives no income or a TRS.

No assurance can be given that any property that the Company sells will not be treated as property held "primarily for sale to customers in the ordinary course of a trade or business" or that the Company will be able to comply with the safe harbor when disposing of assets. The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be taxed to the corporation at regular corporate income tax rates. The Company intends to structure its activities to avoid transactions that would result in a material amount of prohibited transaction tax.

Foreclosure Property

The Company will be subject to tax at the maximum corporate rate on any income from foreclosure property, which includes certain foreign currency gains and related deductions recognized, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, gross income from foreclosure property will qualify under the 75% and 95% gross income tests. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as the result of the REIT having bid on such property at foreclosure or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;
- for which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

A REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor. Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property or longer if an extension is granted by the Secretary of the Treasury. However, this grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- on which any construction takes place on the property, other than completion of a building or any other improvement, where more than 10% of the construction was completed before default became imminent; or
- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business which is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income or a TRS.

The Company may acquire properties as a result of foreclosure or otherwise reducing the property to ownership when default has occurred or is imminent and may make foreclosure property elections with respect to some or all of those properties if such election is available (which may not be the case with respect to acquired "distressed loans").

Cash/Income Differences/Phantom Income

Due to the nature of the assets in which the Company invests, the Company may be required to recognize taxable income from those assets in advance of its receipt of cash flow on or proceeds from disposition of such assets, and may be required to report taxable income in early periods that exceeds the economic income ultimately realized on such assets.

The Company may acquire debt instruments in the secondary market for less than their face amount. The amount of such discount generally will be treated as “market discount” for U.S. federal income tax purposes. The Company may elect to include in taxable income accrued market discount as it accrues rather than as it is realized for economic purposes, resulting in phantom income. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If the Company collects less on the debt instrument than its purchase price plus the market discount it had previously reported as income, it may not be able to benefit from any offsetting loss deductions.

The Company may acquire mortgage-backed securities that have been issued with original issue discount. In general, the Company will be required to accrue original issue discount based on the constant yield to maturity of the mortgage-backed security, and to treat it as taxable income in accordance with applicable U.S. federal income tax rules even though smaller or no cash payments are received on such debt instrument. As in the case of the market discount discussed in the preceding paragraph, the constant yield in question will be determined and the Company will be taxed based on the assumption that all future payments due on the mortgage-backed security in question will be made. If all payments on the mortgage-backed securities are not made, the Company may not be able to benefit from any offsetting loss deductions.

In addition, pursuant to its investment strategy, the Company may acquire distressed debt instruments and subsequently modify such instruments by agreement with the borrower. If the amendments to the outstanding debt are “significant modifications” under the applicable Treasury Regulations, the modified debt may be considered to have been reissued to the Company in a debt-for-debt exchange with the borrower. In that event, the Company may be required to recognize income to the extent the principal amount of the modified debt exceeds its adjusted tax basis in the unmodified debt, and would hold the modified loan with a cost basis equal to its principal amount for U.S. federal tax purposes. To the extent that such modifications are made with respect to a debt instrument held by a TRS treated as a dealer, as described above, such a TRS would be required at the end of each taxable year, including the taxable year in which such modification was made, to mark the modified debt instrument to its fair market value as if the debt instrument were sold. In that case, the TRS generally would recognize a loss at the end of the taxable year in which the modifications were made to the extent the fair market value of such debt instrument were less than its principal amount after the modification.

In addition, in the event that any debt instruments or mortgage-backed securities acquired by the Company are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, the Company may nonetheless be required to continue to recognize the unpaid interest as taxable income. Similarly, the Company may be required to accrue interest income with respect to subordinate mortgage-backed securities at the stated rate regardless of whether corresponding cash payments are received.

The Company may also be required under the terms of indebtedness that it incurs to private lenders or otherwise to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to holders of its securities.

Due to each of these potential timing differences between income recognition or expense deduction and cash receipts or disbursements, there is a significant risk that the Company may have substantial taxable income in excess of cash available for distribution. In that event, the Company may need to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which this “phantom income” is recognized. Refer below to the section entitled “—Distribution Requirements.”

Failure to Satisfy the Gross Income Tests

If the Company fails to satisfy one or both of the gross income tests for any taxable year, it nevertheless may qualify as a REIT for that year if it qualifies for relief under certain provisions of the U.S. federal income tax laws. Those relief provisions are available if:

- the Company’s failure to meet those tests is due to reasonable cause and not to willful neglect; and
- following such failure for any taxable year, the Company files a schedule of the sources of its income with the IRS.

The Company cannot predict, however, whether in all circumstances it would qualify for the relief provisions. In addition, as discussed above in the section entitled “—Taxation of Colony Capital,” even if the relief provisions apply, the

Company would incur a 100% tax on the gross income attributable to the greater of the amount by which it fails the 75% or 95% gross income test, in each case, multiplied by a fraction intended to reflect its profitability.

Asset Tests

To qualify as a REIT, the Company also must satisfy the following asset tests at the end of each quarter of each taxable year. First, at least 75% of the value of its total assets must consist of:

- cash or cash items, including certain receivables and money market funds;
- government securities;
- interests in real property, including leaseholds, options to acquire real property and leaseholds, and personal property to the extent such personal property is leased in connection with real property and rents attributable to such personal property are treated as “rents from real property”;
- interests in mortgage loans secured by real property;
- stock in other REITs and debt instruments issued by “publicly offered REITs”;
- investments in stock or debt instruments during the one-year period following the Company’s receipt of new capital that it raises through equity offerings or public offerings of debt with at least a five-year term; and
- regular or residual interests in a REMIC. However, if less than 95% of the assets of a REMIC consist of assets that are qualifying real estate-related assets under the U.S. federal income tax laws, determined as if the Company held such assets, the Company will be treated as holding directly its proportionate share of the assets of such REMIC.

Second, of the Company’s investments not included in the 75% asset class, the value of its interest in any one issuer’s securities may not exceed 5% of the value of its total assets, which we refer to as the 5% asset test.

Third, of the Company’s investments not included in the 75% asset class, it may not own more than 10% of the voting power or value of any one issuer’s outstanding securities, which we refer to as the 10% vote or value test.

Fourth, no more than 20% (25% for our taxable year ended December 31, 2017) of the value of the Company’s total assets may consist of the securities of one or more TRSs.

Fifth, no more than 25% of the value of the Company’s total assets may consist of securities that are not qualifying assets for purposes of the 75% asset test described above, which we refer to as the 25% securities test.

Sixth, no more than 25% of the value of the Company’s total assets may consist of debt instruments issued by “publicly offered REITs” to the extent such debt instruments are not secured by real property or interests in real property.

For purposes of the 5% asset test, the 10% vote or value test and the 25% securities test, the term “securities” does not include stock in another REIT, debt of a “publicly offered REIT,” equity or debt securities of a QRS or, in the case of the 5% asset test and 10% vote or value test, TRS debt or equity, mortgage loans or mortgage-backed securities that constitute real estate assets, or equity interests in a partnership. The term “securities,” however, generally includes debt securities issued by a partnership or another REIT (other than a “publicly offered REIT”), except, for purposes of the 10% value test, the term “securities” does not include:

- “Straight debt” securities, which is defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if: (i) the debt is not convertible, directly or indirectly, into equity; and (ii) the interest rate and interest payment dates are not contingent on profits, the borrower’s discretion, or similar factors. “Straight debt” securities do not include any securities issued by a partnership or a corporation in which the Company or any TRS in which the Company owns more than 50% of the voting power or value of the shares hold non-”straight debt” securities that have an aggregate value of more than 1% of the issuer’s outstanding securities. However, “straight debt” securities include debt subject to the following contingencies:
- a contingency relating to the time of payment of interest or principal, as long as either: (i) there is no change to the effective yield of the debt obligation, other than a change to the annual yield that does not exceed the greater of 0.25% or 5% of the annual yield; or (ii) neither the aggregate issue price nor the aggregate face amount of the issuer’s debt obligations held by the Company exceeds $1 million and no more than 12 months of unaccrued interest on the debt obligations can be required to be prepaid; and
- a contingency relating to the time or amount of payment upon a default or prepayment of a debt obligation, as long as the contingency is consistent with customary commercial practice;
- Any loan to an individual or an estate;

- Any "section 467 rental agreement" other than an agreement with a related party tenant;
- Any obligation to pay "rents from real property";
- Certain securities issued by governmental entities;
- Any security issued by a REIT;
- Any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes in which the Company is a partner to the extent of its proportionate interest in the equity and debt securities of the partnership; and
- Any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes not described in the preceding bullet points if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test described above in the section entitled "—Gross Income Tests."

For purposes of the 10% value test, the Company's proportionate share of the assets of a partnership is its proportionate interest in any securities issued by the partnership, without regard to the securities described in the last two bullet points above.

The Company's holdings of securities and other assets have complied, and will continue to comply, with the foregoing asset tests, and the Company intends to monitor its compliance on an ongoing basis. However, independent appraisals have not been obtained to support the Company's conclusions as to the value of its assets or the value of any particular security or securities. Moreover, values of some assets, including instruments issued in collateralized debt obligation transactions, may not be susceptible to a precise determination, and values are subject to change in the future.

Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the asset tests. Accordingly, there can be no assurance that the IRS will not contend that the Company's interests in its subsidiaries or in the securities of other issuers will not cause a violation of the asset tests.

As described above, Revenue Procedure 2003-65 provides a safe harbor pursuant to which certain mezzanine loans secured by a first priority security interest in ownership interests in a partnership or limited liability company will be treated as qualifying assets for purposes of the 75% asset test (and therefore, are not subject to the 5% asset test and the 10% vote or value test). Refer to the section entitled "—Gross Income Tests." The Company expects that some of its mezzanine loans may not qualify for that safe harbor. To the extent that the Company determines that a mezzanine loan likely would not qualify for the safe harbor and also would not be excluded from the definition of securities for purposes of the 10% vote or value test or could cause the Company not to satisfy the 75% or 5% assets tests, it would hold that mezzanine loan through a taxable REIT subsidiary.

The Company owns stock in several REITS and expects to invest in the stock of other entities that intend to qualify as REITs in the future. The Company believes that any stock that it has acquired or will acquire in other REITs has been, or will be, qualifying assets for purposes of the 75% asset test. If a REIT in which the Company owns stock fails to qualify as a REIT in any year, however, the stock in such REIT will not be a qualifying asset for purposes of the 75% asset test. Instead, the Company would be subject to the 5% asset test, the 10% vote or value test and the 25% securities test described above with respect to its investment in such a disqualified REIT. Consequently, if a REIT in which the Company owns stock fails to qualify as a REIT, the Company could fail one or more of the asset tests described above. To the extent the Company invests in other REITs, it intends to do so in a manner that will enable it to continue to satisfy the REIT asset tests.

As discussed above in the section entitled "—Gross Income Tests," the Company and its subsidiaries may invest in distressed mortgage loans. In general, under the applicable Treasury Regulations, if a loan is secured by real property and other property and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of: (i) the date the Company agreed to acquire or originate the loan; or (ii) in the event of a significant modification, the date the Company modified the loan, then a portion of the interest income from such a loan will not be qualifying income for purposes of the 75% gross income test but will be qualifying income for purposes of the 95% gross income test. Although the law is not entirely clear, a portion of the loan will also likely be a non-qualifying asset for purposes of the 75% asset test. The non-qualifying portion of such a loan would be subject to, among other requirements, the 10% vote or value test. IRS Revenue Procedure 2014-51 provides a safe harbor under which the IRS has stated that it will not challenge a REIT's treatment of a loan as being, in part, a qualifying real estate asset in an amount equal to the lesser of: (i) the fair market value of the loan on the relevant quarterly REIT asset testing date; or (ii) the greater of (A) the fair market value of the real property securing the loan on the relevant quarterly REIT asset testing date or (B) the fair market value of the real property securing the loan determined as of the date the REIT committed to originate or acquire the loan. It is unclear how the safe harbor in Revenue Procedure 2014-51 is affected by the recent legislative changes regarding the treatment of loans secured by both real property and personal property where the fair market value of the personal property does not exceed 15% of the sum of the fair market values of the real property and the personal property securing the loan. There can be no assurance that later interpretations of or any clarifications to this Revenue Procedure will be consistent with how the Company currently is applying it to its REIT compliance analysis. The Company intends to invest in distressed mortgage loans in a manner consistent with qualifying as a REIT.

Also as discussed above, the Company intends to invest in agency securities that are pass-through certificates. The Company expects that the agency securities will be treated either as interests in grantor trusts or as interests in REMICs for U.S. federal income tax purposes. In the case of agency securities treated as interests in grantor trusts, the Company would be treated as owning an undivided beneficial ownership interest in the mortgage loans held by the grantor trust. Such mortgage loans generally will qualify as real estate assets to the extent that they are secured by real property. The Company expects that substantially all of its agency securities treated as interests in a grantor trust will qualify as real estate assets. In the case of agency securities treated as interests in a REMIC, such interests generally will qualify as real estate assets. If less than 95% of the assets of a REMIC are real estate assets, however, then only a proportionate part of the Company's interest in the REMIC will qualify as a real estate asset. To the extent that the Company holds mortgage participations or mortgage-backed securities that do not represent interests in a grantor trust or REMIC interests, such assets may not qualify as real estate assets depending upon the circumstances and the specific structure of the investment.

Failure to Satisfy the Asset Tests

The Company has monitored, and will continue to monitor, the status of its assets for purposes of the various asset tests. If the Company fails to satisfy the asset tests at the end of a calendar quarter, it will not lose its REIT qualification if:

- the Company satisfied the asset tests at the end of the preceding calendar quarter; and
- the discrepancy between the value of the Company's assets and the asset test requirements arose from changes in the market values of its assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If the Company does not satisfy the condition described in the second item, above, it still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

If at the end of any calendar quarter the Company violates the 5% asset test or the 10% vote or value test described above, it will not lose its REIT qualification if: (i) the failure is de minimis (up to the lesser of 1% of its assets or $10 million); and (ii) it disposes of assets causing the failure or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies such failure. In the event of a failure of any of the asset tests (other than de minimis failures described in the preceding sentence), as long as the failure was due to reasonable cause and not to willful neglect, the Company will not lose its REIT status if it: (i) disposes of assets or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies the failure; (ii) it files a description of each asset causing the failure with the IRS; and (iii) pays a tax equal to the greater of $50,000 or 21% of the net income from the non-qualifying assets during the period in which the Company failed to satisfy the asset tests.

Distribution Requirements

Each taxable year, the Company must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gain, to our stockholders in an aggregate amount at least equal to the sum of:

- 90% of its "REIT taxable income," computed without regard to the dividends paid deduction and its net capital gain or loss; and
- 90% of its after-tax net income, if any, from foreclosure property; minus
- the sum of certain items of non-cash income.

Generally, the Company must pay such distributions in the taxable year to which they relate, or in the following taxable year if: (i) the Company declares the distribution before it timely files its U.S. federal income tax return for the year and pays the distribution on or before the first regular dividend payment date after such declaration; or (ii) the Company declares the distribution in October, November or December of the taxable year, payable to stockholders of record on a specified day in any such month, and it actually pays the dividend before the end of January of the following year. The distributions under clause (i) are taxable to the stockholders in the year in which paid and the distributions in clause (ii) are treated as paid on December 31 of the prior taxable year. In both instances, these distributions relate to the Company's prior taxable year for purposes of the 90% distribution requirement.

Unless the Company qualifies as a “publicly offered REIT,” in order for its distributions to be counted as satisfying the annual distribution requirement for REITs and to provide it with the REIT-level tax deduction, such distributions must not have been “preferential dividends.” A dividend is not a preferential dividend if that distribution is: (i) pro rata among all outstanding shares within a particular class; and (ii) in accordance with the preferences among different classes of stock as set forth in the Company’s organizational documents. The Company expects to qualify as “publicly offered REIT,” and so long as it qualifies as a “publicly offered REIT,” the preferential dividend rule will not apply to it.

The Company will pay U.S. federal income tax on taxable income, including net capital gain, that it does not distribute to stockholders. Furthermore, if the Company fails to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- 85% of its REIT ordinary income for such year;
- 95% of its REIT capital gain income for such year; and
- any undistributed taxable income from prior periods,

The Company will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts it actually distributes.

The Company may elect to retain and pay income tax on the net long-term capital gain it receives in a taxable year. If the Company so elects, it will be treated as having distributed any such retained amount for purposes of the 4% nondeductible excise tax described above. The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements and to avoid corporate income tax and the 4% nondeductible excise tax.

It is possible that, from time to time, the Company may experience timing differences between the actual receipt of income and or payment of deductible expenses and the inclusion of that income or deduction in arriving at its REIT taxable income. Other potential sources of non-cash taxable income include gain recognized on the deemed exchange of distressed debt that has been modified, real estate and securities that have been financed through securitization structures, such as the collateralized debt obligation structure, which require some or all of available cash flow to be used to service borrowings, loans or mortgage-backed securities that the Company holds that have been issued at a discount and require the accrual of taxable economic interest in advance of its receipt in cash and distressed loans on which the Company may be required to accrue taxable interest income even though the borrower is unable to make current servicing payments in cash. Furthermore, under amendments to Section 451 of the Code made by H.R. 1, subject to certain exceptions, the Company must accrue income for U.S. federal income tax purposes no later than when such income is taken into account as revenue in our financial statements, which could create additional differences between REIT taxable income and the receipt of cash attributable to such income. In addition, Section 162(m) of the Code places a per-employee limit of $1 million on the amount of compensation that a publicly held corporation may deduct in any one year with respect to its chief executive officer and certain other highly compensated executive officers. Changes to Section 162(m) made by H.R. 1 eliminated an exception that formerly permitted certain performance-based compensation to be deducted even if in excess of $1 million, which may have the effect of increasing our REIT taxable income. In the event that such timing differences occur, it might be necessary to arrange borrowings or other means of raising capital to meet the distribution requirements. Additionally, the Company may, if possible, pay taxable dividends of our stock or debt to meet the distribution requirements.

On August 11, 2017, the IRS issued Revenue Procedure 2017-45, authorizing elective stock dividends to be made by public REITs. Pursuant to this revenue procedure, effective for distributions declared on or after August 11, 2017, the IRS will treat the distribution of stock pursuant to an elective stock dividend as a distribution of property under Section 301 of the Code (i.e., as a dividend to the extent of our earnings and profits), as long as at least 20% of the total dividend is available in cash and certain other requirements outlined in the revenue procedure are met.

Under certain circumstances, the Company may be able to correct a failure to meet the distribution requirement for a year by paying “deficiency dividends” to our stockholders in a later year. The Company may include such deficiency dividends in its deduction for dividends paid for the earlier year. Although the Company may be able to avoid income tax on amounts distributed as deficiency dividends, it will be required to pay interest to the IRS based upon the amount of any deduction it takes for deficiency dividends.

In addition, a REIT is required to distribute all accumulated earnings and profits attributable to non-REIT years by the close of its first taxable year in which it has non-REIT earnings and profits to distribute.

Interest Deduction Limitation Enacted by H.R. 1

Commencing in taxable years beginning after December 31, 2017, Section 163(j) of the Code, as amended by H.R. 1, limits the deductibility of net interest expense paid or accrued on debt properly allocable to a trade or business to 30% of "adjusted taxable income," subject to certain exceptions. Any deduction in excess of the limitation is carried forward and may be used in a subsequent year, subject to the 30% limitation. Adjusted taxable income is determined without regard to certain deductions, including those for net interest expense, net operating loss carryforwards and, for taxable years beginning before January 1, 2022, depreciation, amortization and depletion. Provided the taxpayer makes a timely election (which is irrevocable), the 30% limitation does not apply to a trade or business involving real property development, redevelopment, construction, reconstruction, rental, operation, acquisition, conversion, disposition, management, leasing or brokerage, within the meaning of Section 469(c)(7)(C) of the Code. If this election is made, depreciable real property (including certain improvements) held by the relevant trade or business must be depreciated under the alternative depreciation system under the Code, which is generally less favorable than the generally applicable system of depreciation under the Code. If we do not make the election or if the election is determined not to be available with respect to all or certain of our business activities, this interest deduction limitation could result in us having more REIT taxable income and thus increase the amount of distributions we must make to comply with the REIT requirements and avoid incurring corporate level tax. Similarly, the limitation could cause our TRSs to have greater taxable income and thus potentially greater corporate tax liability.

Recordkeeping Requirements

The Company is required to maintain certain records under the REIT rules. In addition, to avoid a monetary penalty, the Company must request on an annual basis information from our stockholders designed to disclose the actual ownership of its outstanding shares of beneficial interest. The Company intends to continue to comply with these requirements.

Foreign Investments

The Company and its subsidiaries have acquired, and expect to acquire in the future, investments in foreign countries that will require it to pay taxes to foreign countries. Taxes that the Company pays in foreign jurisdictions may not be passed through to, or used by, our stockholders as a foreign tax credit or otherwise. The Company could be subject to U.S. federal income tax rules intended to prevent or minimize the value of the deferral of the recognition by it of passive-type income of foreign entities in which it owns a direct or indirect interest. As a result, the Company could be required to recognize taxable income for U.S. federal income tax purposes prior to receiving cash distributions with respect to that income or, in certain circumstances, pay an interest charge on U.S. federal income tax that it is deemed to have deferred. The Company's foreign investments might also generate foreign currency gains and losses. Certain foreign currency gains may be excluded from gross income for purposes of one or both of the gross income tests, as discussed above. Refer above to the section entitled "—Requirements for Qualification—Gross Income Tests."

Failure to Qualify

If the Company fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, it could avoid disqualification if its failure is due to reasonable cause and not to willful neglect and the Company pays a penalty of $50,000 for each such failure. In addition, there are relief provisions for a failure of the gross income tests and asset tests, as described in the sections entitled "—Gross Income Tests—Failure to Satisfy the Gross Income Tests" and "—Asset Tests—Failure to Satisfy the Asset Tests."

If the Company fails to qualify as a REIT in any taxable year, and no relief provision applies, it would be subject to U.S. federal income tax and any applicable alternative minimum tax (only for its taxable year ended December 31, 2017) on its taxable income at regular corporate rates. In calculating its taxable income in a year in which it fails to qualify as a REIT, the Company would not be able to deduct amounts paid out to stockholders. In fact, the Company would not be required to distribute any amounts to stockholders in that year. In such event, to the extent of the Company's current and accumulated earnings and profits, distributions to most stockholders taxed at individual rates would generally be taxable at capital gains tax rates. For taxable years beginning after December 31, 2017, and before January 1, 2026, generally U.S. stockholders that are individuals, trusts or estates may deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations. Alternatively, such dividends paid to U.S. stockholders that are individuals, trusts and estates may be taxable at the preferential income tax rates (i.e., the 20% maximum U.S. federal rate) for qualified dividends. In addition, subject to the limitations of the Code, corporate distributees may be eligible for the dividends-received deduction.

Unless the Company qualified for relief under specific statutory provisions, it also would be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT. The Company cannot predict whether in all circumstances it would qualify for such statutory relief. In addition, the rule against re-electing REIT status following a loss of such status could also apply to the Company if it were determined that Colony or NRF failed to qualify as REITs and the Company were treated as a successor to Colony Capital Inc. or NorthStar Realty Finance Corp., as applicable.

Taxation of Taxable U.S. Stockholders of Colony Capital

The term "U.S. stockholder" means a beneficial owner of our stock that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any of its states or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if: (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) it has a valid election in place to be treated as a U.S. person.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our stock, you should consult your tax advisor regarding the consequences of the purchase, ownership and disposition of our stock by the partnership.

Taxation of U.S. Stockholders on Distributions on Our Stock

As long as the Company qualifies as a REIT, a taxable U.S. stockholder must generally take into account as ordinary income distributions made out of the Company's current or accumulated earnings and profits that the Company does not designate as capital gain dividends or retained long-term capital gain. However, for tax years prior to 2026, generally U.S. stockholders that are individuals, trusts or estates may deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations. For purposes of determining whether a distribution is made out of its current or accumulated earnings and profits, the Company's earnings and profits will be allocated first to its preferred stock dividends and then to its common stock dividends.

Dividends paid to U.S. stockholders will not qualify for the dividends-received deduction generally available to corporations. In addition, dividends paid to a U.S. stockholder generally will not qualify for the 20% tax rate for qualified dividend income. The maximum tax rate for qualified dividend income is 20%. Qualified dividend income generally includes dividends paid to U.S. stockholders taxed at individual rates by domestic C corporations and certain qualified foreign corporations. Because the Company will not generally be subject to U.S. federal income tax on the portion of its REIT taxable income distributed to our stockholders (refer above to the section entitled "—Taxation of Colony Capital"), its dividends generally will not be eligible for the 20% rate on qualified dividend income. As a result, the Company's ordinary REIT dividends will be taxed at the higher tax rate applicable to ordinary income, which is currently a maximum rate of 37%. However, the 20% tax rate for qualified dividend income will apply to the Company's ordinary REIT dividends to the extent attributable: (i) to income retained by it in a prior non-REIT taxable year in which it or a predecessor was subject to corporate income tax (less the amount of tax); (ii) to dividends received by it from non-REIT corporations, such as domestic TRSs; and (iii) to the extent attributable to income upon which it has paid corporate income tax (*e.g.*, to the extent that the Company distributes less than 100% of its net taxable income). In general, to qualify for the reduced tax rate on qualified dividend income, a stockholder must hold our stock for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which our stock becomes ex-dividend. In addition, dividends paid to certain individuals, trusts and estates whose income exceeds certain thresholds are subject to a 3.8% Medicare tax.

A U.S. stockholder generally will take into account as long-term capital gain any distributions that the Company designates as capital gain dividends without regard to the period for which the U.S. stockholder has held our stock. The Company generally will designate its capital gain dividends as either 20% or 25% rate distributions. Refer below to the section entitled "—Capital Gains and Losses." A corporate U.S. stockholder, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

The Company may elect to retain and pay income tax on the net long-term capital gain that it receives in a taxable year. In that case, to the extent that the Company designates such amount in a timely notice to such stockholder, a U.S. stockholder would be treated as receiving its proportionate share of the Company's undistributed long-term capital gain and would receive a credit for its proportionate share of the tax the Company paid. The U.S. stockholder would increase the basis in its stock by the amount of its proportionate share of the Company's undistributed long-term capital gain, minus its share of the tax the Company paid.

To the extent that the Company makes a distribution in excess of its current and accumulated earnings and profits, such distribution will not be taxable to a U.S. stockholder to the extent that it does not exceed the adjusted tax basis of the U.S. stockholder's stock. Instead, such distribution will reduce the adjusted tax basis of such stock. To the extent that the Company makes a distribution in excess of both its current and accumulated earnings and profits and the U.S. stockholder's adjusted tax basis in its stock, such stockholder will recognize long-term capital gain or short-term capital gain if the stock has been held for one year or less, assuming the stock is a capital asset in the hands of the U.S. stockholder. In addition, if the Company declares a distribution in October, November or December of any year that is payable to a U.S. stockholder of record on a specified date in any such month, such distribution shall be treated as both paid by the Company and received by the U.S. stockholder on December 31 of such year, provided that the Company actually pays the distribution during January of the following calendar year.

Stockholders may not include in their individual income tax returns any of the Company's net operating losses or capital losses. Instead, the Company would carry over such losses for potential offset against the Company's future income. Under amendments made by H.R. 1 to Section 172 of the Code, the Company's deduction for any net operating loss carryforwards arising from losses it sustains in taxable years beginning after December 31, 2017, is limited to 80% of its REIT taxable income (determined without regard to the deduction for dividends paid), and any unused portion of losses arising in taxable years ending after December 31, 2017, may not be carried back, but may be carried forward indefinitely.

Taxable distributions from the Company and gain from the disposition of our stock will not be treated as passive activity income, and, therefore, stockholders generally will not be able to apply any "passive activity losses," such as losses from certain types of limited partnerships in which the stockholder is a limited partner, against such income. In addition, taxable distributions from the Company and gain from the disposition of our stock generally may be treated as investment income for purposes of the investment interest limitations (although any capital gains so treated will not qualify for the lower 20% tax rate applicable to capital gains of U.S. stockholders taxed at individual rates). The Company will notify stockholders after the close of the Company's taxable year as to the portions of its distributions attributable to that year that constitute ordinary income, return of capital and capital gain.

Distributions to Holders of Depositary Shares. Owners of depositary shares will be treated for U.S. federal income tax purposes as if they were owners of the underlying preferred stock represented by such depositary shares. Accordingly, such owners will be entitled to take into account, for U.S. federal income tax purposes, income and deductions to which they would be entitled if they were direct holders of the underlying preferred shares. In addition, (1) no gain or loss will be recognized for U.S. federal income tax purposes upon the withdrawal of certificates evidencing the underlying preferred stock in exchange for depositary receipts, (2) the tax basis of each share of the underlying preferred stock to an exchanging owner of depositary shares will, upon such exchange, be the same as the aggregate tax basis of the depositary shares exchanged therefore, and (3) the hold period for the underlying preferred stock in the hands of an exchanging owner of depositary shares will include the period during which such person owned such depositary shares.

Taxation of U.S. Stockholders on the Disposition of Our Stock

In general, a U.S. stockholder who is not a dealer in securities must treat any gain or loss realized upon a taxable disposition of our stock as long-term capital gain or loss if the U.S. stockholder has held the stock for more than one year and otherwise as short-term capital gain or loss. However, a U.S. stockholder must treat any loss upon a sale or exchange of stock held by such stockholder for six months or less as a long-term capital loss to the extent of any actual or deemed distributions from the Company that such U.S. stockholder previously has characterized as long-term capital gain. All or a portion of any loss that a U.S. stockholder realizes upon a taxable disposition of the stock may be disallowed if the U.S. stockholder purchases other substantially identical 264 shares of our stock within 30 days before or after the disposition (in which case, the basis of the shares acquired would be adjusted to reflect the disallowed loss).

Taxation of U.S. Stockholders on a Redemption of Preferred Stock and Depositary Shares

A redemption of the Company's preferred stock and depositary shares will be treated under Section 302 of the Code as a distribution that is taxable as dividend income (to the extent of its current or accumulated earnings and profits), unless the redemption satisfies certain tests set forth in Section 302(b) of the Code enabling the redemption to be treated as a sale of the preferred stock or depositary shares (in which case the redemption will be treated in the same manner as a sale described above in the section entitled "—Taxation of U.S. Stockholders on the Disposition of Our Stock"). The redemption will satisfy such tests if it: (i) is "substantially disproportionate" with respect to the U.S. stockholder's interest in our stock; (ii) results in a "complete termination" of the U.S. stockholder's interest in all classes of our stock; or (iii) is "not essentially equivalent to a dividend" with respect to the stockholder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, stock considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as stock actually owned, generally must be taken into account. Because the determination as to whether any of the three alternative tests of Section 302(b) of the Code described above will be satisfied with respect to any particular U.S. stockholder of the preferred stock or depositary shares depends upon the facts and circumstances at the time that the determination must be made, prospective investors are urged to consult their tax advisors to determine such tax treatment. If a redemption of the Company's preferred stock or depositary shares does not meet any of the three tests described above, the redemption proceeds will be treated as a distribution, as described above in the section entitled "—Taxation of U.S. Stockholders on Distributions on Our Stock." In that case, a U.S. stockholder's adjusted tax basis in the redeemed preferred stock or depositary shares will be transferred to such U.S. stockholder's remaining stock holdings in the Company. If the U.S. stockholder does not retain any of the Company's shares, such basis could be transferred to a related person that holds our stock or it may be lost.

Under proposed Treasury Regulations, if any portion of the amount received by a U.S. stockholder on a redemption of any class of the Company's preferred stock or depositary shares is treated as a distribution with respect to our stock but not as a taxable dividend, then such portion will be allocated to all stock of the redeemed class held by the redeemed stockholder just before the redemption on a pro-rata, share-by-share, basis. The amount applied to each share will first reduce the redeemed U.S. stockholder's basis in that share and any excess after the basis is reduced to zero will result in taxable gain. If the redeemed stockholder has different bases in its shares, then the amount allocated could reduce some of the basis in certain shares while reducing all the basis and giving rise to taxable gain in others. Thus, the redeemed U.S. stockholder could have gain even if such U.S. stockholder's basis in all its shares of the redeemed class exceeded such portion.

The proposed Treasury Regulations permit the transfer of basis in the redeemed preferred or depositary shares to the redeemed U.S. stockholder's remaining, unredeemed preferred or depositary shares of the same class, if any, but not to any other class of shares held, directly or indirectly, by the redeemed U.S. stockholder. Instead, any unrecovered basis in the redeemed preferred or depositary shares would be treated as a deferred loss to be recognized when certain conditions are satisfied. The proposed Treasury Regulations would be effective for transactions that occur after the date the regulations are published as final Treasury Regulations. There can, however, be no assurance as to whether, when and in what particular form such proposed Treasury Regulations will ultimately be finalized.

Capital Gains and Losses

A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate is currently 37%. However, the maximum tax rate on long-term capital gain applicable to U.S. stockholders taxed at individual rates is 20%. The maximum tax rate on long-term capital gain from the sale or exchange of "Section 1250 property," which we refer to as depreciable real property, is 25% computed on the lesser of the total amount of the gain or the accumulated Section 1250 depreciation. In addition, capital gains recognized by certain individuals, trusts and estates whose income exceeds certain thresholds are subject to a 3.8% Medicare tax. With respect to distributions that the Company designates as capital gain dividends and any retained capital gain that it is deemed to distribute, the Company generally may designate whether such a distribution is taxable to its U.S. stockholders taxed at individual rates at a 20% or 25% rate. Thus, the tax rate differential between capital gain and ordinary income for those taxpayers may be significant. In addition, the characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of $3,000. A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at ordinary corporate rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

Expansion of Medicare Tax

The Health Care and Reconciliation Act of 2010 requires that, in certain circumstances, certain U.S. holders that are individuals, estates, and trusts pay a 3.8% tax on "net investment income," which includes, among other things, dividends on and gains from the sale or other disposition of REIT shares. The temporary 20% deduction allowed by Section 199A of the Code, as added by H.R. 1, with respect to ordinary REIT dividends received by non-corporate taxpayers is allowed only for purposes of Chapter 1 of the Code and thus is apparently not allowed as a deduction allocable to such dividends for purposes of determining the amount of net investment income subject to the 3.8% Medicare tax, which is imposed under Chapter 2A of the Code. Prospective investors should consult their own tax advisors regarding this legislation.

Taxation of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit-sharing trusts and individual retirement accounts and annuities, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, which we refer to as UBTI. While many investments in real estate generate UBTI, the IRS has issued a published ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI, provided that the exempt employee pension trust does not otherwise use the shares of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts that the Company distributes to tax-exempt stockholders generally should not constitute UBTI. However, if a tax-exempt stockholder were to finance its investment in our stock with debt, a portion of the income that it receives from the Company would constitute UBTI pursuant to the “debt-financed property” rules. Furthermore, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans that are exempt from taxation under special provisions of the U.S. federal income tax laws are subject to different UBTI rules, which generally will require them to characterize distributions that they receive from the Company as UBTI. Finally, in certain circumstances, a qualified employee pension or profit-sharing trust that owns more than 10% of our stock is required to treat a percentage of the dividends that it receives from the Company as UBTI if the Company is a “pension-held REIT.” Such percentage is equal to the gross income that the Company derives from an unrelated trade or business, determined as if the Company were a pension trust, divided by the Company’s total gross income for the year in which the Company pays the dividends. That rule applies to a pension trust holding more than 10% of our stock only if:

- the percentage of the Company’s dividends that the tax-exempt trust would be required to treat as UBTI is at least 5%;
- the Company qualifies as a REIT by reason of the modification of the rule requiring that no more than 50% of our stock be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding our stock in proportion to its actuarial interests in the pension trust (refer to the section entitled “—Requirements for Qualification”); and
- either: (i) one pension trust owns more than 25% of the value of our stock; or (ii) a group of pension trusts individually holding more than 10% of the value of our stock collectively owns more than 50% of the value of our stock.

Taxation of Non-U.S. Stockholders

The term “non-U.S. stockholder” means a beneficial owner of our stock that is not a U.S. stockholder or a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes). The rules governing U.S. federal income taxation of non-U.S. stockholders are complex. This section is only a summary of such rules. Non-U.S. stockholders are urged to consult their tax advisors to determine the impact of U.S. federal, state, local and foreign income tax laws on the ownership of our stock, including any reporting requirements.

A non-U.S. stockholder that receives a distribution that is not attributable to gain from the Company’s sale or exchange of a “United States real property interest,” which we refer to as USRPI, and that the Company does not designate as a capital gain dividend or retained capital gain, will recognize ordinary income to the extent that the Company pays such distribution out of its current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution ordinarily will apply to such distribution unless an applicable tax treaty reduces or eliminates the tax. If a distribution is treated as effectively connected with the non-U.S. stockholder’s conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to U.S. federal income tax on the distribution at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such distribution, and a non-U.S. stockholder that is a corporation also may be subject to the 30% branch profits tax with respect to the distribution. The Company plans to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. stockholder unless either:

- a lower treaty rate applies and the non-U.S. stockholder provides an IRS Form W-8BEN or W-8BEN-E to the Company evidencing eligibility for that reduced rate; or
- the non-U.S. stockholder files an IRS Form W-8ECI with the Company claiming that the distribution is effectively connected income.

A non-U.S. stockholder will not incur tax on a distribution in excess of the Company’s current and accumulated earnings and profits if the excess portion of such distribution does not exceed the stockholder’s adjusted basis of its stock. Instead, the excess portion of such distribution will reduce the adjusted basis of such stock. A non-U.S. stockholder will be subject to tax on a distribution that exceeds both the Company’s current and accumulated earnings and profits and the stockholder’s adjusted basis of its stock, if the non-U.S. stockholder otherwise would be subject to tax on gain from the sale or disposition of its stock, as described below. Because the Company generally cannot determine at the time it makes a distribution whether the distribution will exceed its current and accumulated earnings and profits, the Company normally will withhold tax on the entire amount of any distribution at the same rate as it would withhold on a dividend. However, a non-U.S. stockholder may claim a refund of amounts that the Company withholds if the Company later determines that a distribution in fact exceeded the Company’s current and accumulated earnings and profits.

If the Company is treated as a “United States real property holding corporation,” as described below, it will be required to withhold 15% of any distribution that exceeds its current and accumulated earnings and profits. Consequently, although the Company intends to withhold at a rate of 30% on the entire amount of any distribution, to the extent that it does not do so, the Company may withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%.

For any year in which the Company qualifies as a REIT, a non-U.S. stockholder will incur tax on distributions that are attributable to gain from the Company's sale or exchange of a USRPI under the Foreign Investment in Real Property Tax Act of 1980, which we refer to as FIRPTA. A USRPI includes certain interests in real property and stock in "United States real property holding corporations," which are corporations at least 50% of whose assets consist of interests in real property. Under FIRPTA, a non-U.S. stockholder is taxed on distributions attributable to gain from sales of USRPIs as if such gain were effectively connected with a U.S. business of the non-U.S. stockholder. A non-U.S. stockholder thus would be taxed on such a distribution at the normal capital gains rates applicable to U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A non-U.S. corporate stockholder not entitled to treaty relief or an exemption also may be subject to the 30% branch profits tax on such a distribution. The Company must withhold 21% of any distribution that it could designate as a capital gain dividend. A non-U.S. stockholder may receive a credit against its tax liability for the amount the Company withholds.

Capital gain distributions to a non-U.S. stockholder that are attributable to the Company's sale of real property will be treated as ordinary dividends rather than as gain from the sale of a USRPI, as long as: (i)(A) such class of our stock is "regularly traded" on an established securities market in the United States; and (B) the non-U.S. stockholder did not own more than 10% of the applicable class of our stock at any time during the one-year period prior to the distribution; or (ii) the non-U.S. stockholder was treated as a "qualified shareholder" as discussed below. As a result, non-U.S. stockholders owning 10% or less of the applicable class of our stock that is "regularly traded" generally will be subject to withholding tax on such capital gain distributions in the same manner as they are subject to withholding tax on ordinary dividends. If a class of our stock is not regularly traded on an established securities market in the United States or the non-U.S. stockholder owned more than 10% of our stock at any time during the one-year period prior to the distribution, capital gain distributions that are attributable to the Company's sale of real property would be subject to tax under FIRPTA, as described in the preceding paragraph. Moreover, if a non-U.S. stockholder disposes of our stock during the 30-day period preceding a dividend payment, and such non-U.S. stockholder (or a person related to such non-U.S. stockholder) acquires or enters into a contract or option to acquire our stock within 61 days of the first day of the 30-day period described above, and any portion of such dividend payment would, but for the disposition, be treated as a USRPI capital gain to such non-U.S. stockholder, then such non-U.S. stockholder shall be treated as having USRPI capital gain in an amount that, but for the disposition, would have been treated as USRPI capital gain.

Although the law is not clear on the matter, it appears that amounts the Company designates as retained capital gains in respect of the stock held by U.S. stockholders generally should be treated with respect to non-U.S. stockholders in the same manner as actual distributions by the Company of capital gain dividends. Under this approach, a non-U.S. stockholder would be able to offset as a credit against its U.S. federal income tax liability its proportionate share of the tax paid by the Company on such retained capital gains, and to receive from the IRS a refund to the extent the non-U.S. stockholder's proportionate share of such tax paid by the Company exceeds its actual U.S. federal income tax liability, provided that the non-U.S. stockholder furnishes required information to the IRS on a timely basis, which may require the filing of a tax return with the IRS.

A non-U.S. stockholder generally will not incur tax under FIRPTA with respect to gain realized upon a disposition of our stock as long as the Company: (i) is not a "United States real property holding corporation" during a specified testing period; or (ii) is a domestically controlled qualified investment entity. A domestically controlled qualified investment entity includes a REIT, less than 50% of the value of which is held directly or indirectly by foreign persons at all times during a specified testing period. The Company believes that it will be a domestically controlled qualified investment entity, but because our stock will be publicly traded, it cannot assure you that it in fact will be a domestically controlled qualified investment entity. However, even if the Company were a "United States real property holding corporation" and it were not a domestically controlled qualified investment entity, a non-U.S. stockholder that owned, actually or constructively, 10% or less of the applicable class of our stock at all times during a specified testing period would not incur tax under FIRPTA if that class of our stock is "regularly traded" on an established securities market. Because the Company expects that its common and preferred stock will be regularly traded on an established securities market, a non-U.S. stockholder will not incur tax under FIRPTA with respect to any such gain unless it owns, actually or constructively, more than 10% of the applicable class of our stock. If the gain on the sale of our stock were taxed under FIRPTA, a non-U.S. stockholder would be taxed in the same manner as U.S. stockholders with respect to such gain, subject to applicable alternative minimum tax or a special alternative minimum tax in the case of nonresident alien individuals. Furthermore, a non-U.S. stockholder will incur tax on gain not subject to FIRPTA if: (i) the gain is effectively connected with the non-U.S. stockholder's U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain; or (ii) the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a “tax home” in the United States, in which case the non-U.S. stockholder will incur a 30% tax on his capital gains.

Qualified Shareholders

Subject to the exception discussed below, any distribution to a “qualified shareholder,” as defined below, who holds our stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. While a “qualified shareholder” will not be subject to FIRPTA withholding on REIT distributions, certain investors of a “qualified shareholder” (*i.e.*, non-U.S. persons who hold interests in the “qualified shareholder” (other than interests solely as a creditor), and hold more than 10% of our stock (whether or not by reason of the investor’s ownership in the “qualified shareholder”)) may be subject to FIRPTA withholding.

In addition, a sale of our stock by a “qualified shareholder” who holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. As with distributions, certain investors of a “qualified shareholder” (*i.e.*, non-U.S. persons who hold interests in the “qualified shareholder” (other than interests solely as a creditor), and hold more than 10% of our stock (whether or not by reason of the investor’s ownership in the “qualified shareholder”)) may be subject to FIRPTA withholding on a sale of our stock.

A “qualified shareholder” is a foreign person that: (i) either is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that are regularly traded on the NYSE or NASDAQ markets; (ii) is a qualified collective investment vehicle, as defined below; and (iii) maintains records on the identity of each person who, at any time during the foreign person’s taxable year, is the direct owner of 5% or more of the class of interests or units, as applicable, described in (i), above.

A qualified collective investment vehicle is a foreign person that: (i) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity holds more than 10% of the stock of such REIT; (ii) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership, and would be treated as a “United States real property holding corporation” if it were a domestic corporation; or (iii) is designated as such by the Secretary of the Treasury and is either (A) fiscally transparent within the meaning of Section 894 of the Code or (B) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

Qualified Foreign Pension Funds

Any distribution to a “qualified foreign pension fund” (or an entity all of the interests of which are held by a “qualified foreign pension fund”) who holds our stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, a sale of our stock by a “qualified foreign pension fund” that holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA.

A qualified foreign pension fund is any trust, corporation or other organization or arrangement: (i) which is created or organized under the law of a country other than the United States; (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered; (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income; (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates; and (v) with respect to which, under the laws of the country in which it is established or operates, (A) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate or (B) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

FATCA Withholding

Under the Foreign Account Tax Compliance Act, which we refer to as FATCA, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our stock received by certain non-U.S. stockholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed on proceeds from the sale of our stock received after December 31, 2018 by certain non-U.S. stockholders (subject to the proposed Treasury Regulations discussed below). If payment of withholding taxes is required, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect to such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit of such exemption or reduction. The Company will not pay any additional amounts in respect of any amounts withheld.

While withholding under FATCA would have applied to payments of gross proceeds from the sale or disposition of our stock received after December 31, 2018, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Information Reporting Requirements and Backup Withholding; Shares Held Offshore

The Company will report to its stockholders and to the IRS the amount of distributions it pays during each calendar year, and the amount of tax it withholds, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at a rate of 28% with respect to distributions unless the holder:

- is a corporation or qualifies for certain other exempt categories and, when required, demonstrates this fact; or
- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A stockholder who does not provide the Company with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, the Company may be required to withhold a portion of capital gain distributions to any U.S. stockholders who fail to certify their non-foreign status to the Company.

Backup withholding will generally not apply to payments of dividends made by the Company or its paying agents, in their capacities as such, to a non-U.S. stockholder, provided that the non-U.S. stockholder furnishes to the Company or its paying agent the required certification as to its non-U.S. status, such as providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either the Company or its paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient. Payments of the net proceeds from a disposition or a redemption effected outside the United States by a non-U.S. stockholder made by or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) generally will apply to such a payment if the broker has certain connections with the U.S. unless the broker has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established. Payment of the net proceeds from a disposition by a non-U.S. stockholder of our stock made by or through the U.S. office of a broker is generally subject to information reporting and backup withholding unless the non-U.S. stockholder certifies under penalties of perjury that it is not a U.S. person and satisfies certain other requirements or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the stockholder's U.S. federal income tax liability if certain required information is furnished to the IRS. Stockholders are urged to consult their own tax advisors regarding application of backup withholding to them and the availability of, and procedure for obtaining an exemption from, backup withholding.

Under FATCA, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our stock received by U.S. stockholders who own their stock through foreign accounts or foreign intermediaries if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed on proceeds from the sale of our stock received after December 31, 2018 by U.S. stockholders who own their shares through foreign accounts or foreign intermediaries. The Company will not pay any additional amounts in respect of any amounts withheld.

Other Tax Consequences

Tax Aspects of Colony Capital's Investments in the Operating Partnership and the Subsidiary Partnerships

The following discussion summarizes certain U.S. federal income tax considerations applicable to the Company's direct or indirect investments in the Company's Operating Partnership and any subsidiary partnerships or limited liability companies that the Company forms or acquires interests in and that are treated as partnerships for U.S. federal income tax purposes, which we refer to, individually, as a Partnership and, collectively, as the Partnerships. The discussion does not cover state or local tax laws or any U.S. federal tax laws other than income tax laws. The Company will include in its income its proportionate share of Partnership items of income, gain, loss, deduction or credit for purposes of the REIT income tests, and will include its proportionate share of assets held by the Partnerships based on its capital interest in such partnerships (other than for purposes of the 10% value test, for which the determination of our interest in partnership assets will be based on our proportionate interest in any securities issued by the partnership, other than certain securities specifically excluded under the Code). The Company's capital interest in a Partnership is calculated based on either the Company's percentage ownership of the capital of the Partnership or based on the allocations provided in the applicable partnership or limited liability company operating agreement, using the more conservative calculation. Consequently, to the extent that the Company holds an equity interest in a Partnership, the Partnership's assets and operations may affect its ability to qualify as a REIT, even though the Company may have no control, or have only limited influence, over the Partnership.

Classification as Partnerships. The Company is entitled to include in its income its distributive share of each Partnership's income and to deduct its distributive share of each Partnership's losses only if such Partnership is classified for U.S. federal income tax purposes as a partnership (or an entity that is disregarded for U.S. federal income tax purposes if the entity has only one owner or member) rather than as a corporation or an association taxable as a corporation. An unincorporated domestic entity with at least two owners or members will be classified as a partnership, rather than as a corporation, for U.S. federal income tax purposes if it:

- is treated as a partnership under the Treasury Regulations relating to entity classification or the check-the-box regulations, as described below; and
- is not a "publicly traded" partnership, as defined below.

Under the check-the-box regulations, an unincorporated domestic entity with at least two owners or members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership (or as an entity that is disregarded for U.S. federal income tax purposes if the entity has only one owner or member) for U.S. federal income tax purposes. Each Partnership intends to be classified as a partnership for U.S. federal income tax purposes and no Partnership will elect to be treated as an association taxable as a corporation under the check-the-box regulations.

A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. A publicly traded partnership will not, however, be treated as a corporation for any taxable year if, for each taxable year beginning after December 31, 1987 in which it was classified as a publicly traded partnership, 90% or more of the partnership's gross income for such year consists of certain passive-type income, including real property rents, gains from the sale or other disposition of real property, interest and dividends, or the 90% passive income exception. Treasury Regulations provide additional limited safe harbors from the definition of a publicly traded partnership. Pursuant to the private placement exclusion safe harbor, interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if: (i) all interests in the partnership were issued in a transaction or transactions that were not required to be registered under the Securities Act; and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a partnership, grantor trust or S corporation that owns an interest in the partnership is treated as a partner in such partnership only if: (i) substantially all of the value of the owner's interest in the entity is attributable to the entity's direct or indirect interest in the partnership; and (ii) a principal purpose of the use of the entity is to permit the partnership to satisfy the 100-partner limitation. Each Partnership is expected to qualify for treatment as a partnership for U.S. federal income tax purposes pursuant to the 90% passive income exception or the private placement safe harbor. The Company has not requested, and does not intend to request, a ruling from the IRS that the Partnerships will be classified as partnerships for U.S. federal income tax purposes.

If, for any reason, a Partnership in which the Company owned more than 10% of the equity were taxable as a corporation, rather than as a partnership, for U.S. federal income tax purposes, the Company likely would not be able to qualify as a REIT unless it qualified for certain relief provisions. Refer to the sections entitled "—Requirements for Qualification—Gross Income Tests" and "—Requirements for Qualification—Asset Tests." In addition, any change in a Partnership's status for tax purposes might be treated as a taxable event, in which case the Company might incur tax liability without any related cash distribution. Refer to the section entitled "—Requirements for Qualification—Distribution Requirements." Further, items of income and deduction of such Partnership would not pass through to its partners, and its partners would be treated as stockholders for tax purposes. Consequently, such Partnership would be required to pay income tax at corporate rates on its net income and distributions to its partners would constitute dividends that would not be deductible in computing such Partnership's taxable income.

Income Taxation of the Partnerships and their Partners

Partners, Not the Partnerships, Subject to Tax. A partnership generally is not a taxable entity for U.S. federal income tax purposes. Rather, the Company is required to take into account its allocable share of each Partnership's income, gains, losses, deductions and credits for any taxable year of such Partnership ending within or with the Company's taxable year, without regard to whether the Company has received or will receive any distribution from such Partnership. For taxable years beginning after December 31, 2017, however, the tax liability for adjustments to a Partnership's tax returns made as a result of an audit by the IRS will be imposed on the Partnership itself in certain circumstances absent an election to the contrary.

Partnership Allocations. Although a partnership agreement generally will determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of the U.S. federal income tax laws governing partnership allocations. If an allocation is not recognized for U.S. federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Each Partnership's allocations of taxable income, gain and loss are intended to comply with the requirements of the U.S. federal income tax laws governing partnership allocations.

Tax Allocations With Respect to Contributed Properties. Income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in a tax-deferred transaction or contributed property in exchange for an interest in the partnership must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss, or built-in gain or built-in loss, respectively, is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution, or a book-tax difference. Such allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The U.S. Treasury Department has issued regulations requiring partnerships to use a "reasonable method" for allocating items with respect to which there is a book-tax difference and outlining several reasonable allocation methods.

Basis in Partnership Interest. The Company's adjusted tax basis in any Partnership generally is equal to:

- the amount of cash and the basis of any other property contributed by the Company to the Partnership;
- increased by the Company's allocable share of the Partnership's income and its allocable share of indebtedness of the Partnership; and
- reduced, but not below zero, by the Company's allocable share of the Partnership's loss and the amount of cash distributed to the Company and by constructive distributions resulting from a reduction in the Company's share of indebtedness of the Partnership.

If the allocation of the Company's distributive share of the Partnership's loss would reduce the adjusted tax basis of the Company's partnership interest below zero, the recognition of such loss will be deferred until such time as the recognition of such loss would not reduce the Company's adjusted tax basis below zero. To the extent that the Partnership's distributions or any decrease in the Company's share of the indebtedness of the Partnership, which is considered a constructive cash distribution to the partners, would reduce the Company's adjusted tax basis below zero, such distributions or decreases will constitute taxable income to the Company. Such distributions and constructive distributions normally will be characterized as long-term capital gain.

Depreciation Deductions Available to Partnerships.

The initial tax basis of property is the amount of cash and the basis of property given as consideration for the property. The Partnership's initial basis in contributed properties acquired in exchange for units of the Partnership should be the same as the transferor's basis in such properties on the date of acquisition. Although the law is not entirely clear, the Partnership generally will depreciate such property for U.S. federal income tax purposes over the same remaining useful lives and under the same methods used by the transferors. The Partnership's tax depreciation deductions will be allocated among the partners in accordance with their respective interests in the Partnership, except to the extent that the Partnership is required under the U.S. federal income tax laws governing partnership allocations to use another method for allocating tax depreciation deductions attributable to contributed or revalued properties, which could result in the Company receiving a disproportionate share of such deductions.

Sale of a Partnership's Property

Generally, any gain realized by a Partnership on the sale of property held by the Partnership for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Any gain or loss recognized by a Partnership on the disposition of contributed properties will be allocated first to the partners of the Partnership who contributed such properties to the extent of their built-in gain or loss on those properties for U.S. federal income tax purposes. The partners' built-in gain or loss on such contributed properties will equal the difference between the partners' proportionate share of the book value of those properties and the partners' tax basis allocable to those properties at the time of the contribution. Any remaining gain or loss recognized by the Partnership on the disposition of the contributed properties, and any gain or loss recognized by the Partnership on the disposition of the other properties, will be allocated among the partners in accordance with their respective percentage interests in the Partnership.

The Company's share of any gain realized by a Partnership on the sale of any property held by the Partnership as inventory or other property held primarily for sale to customers in the ordinary course of the Partnership's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon the Company's ability to satisfy the income tests for REIT status. Refer to the section entitled "—Requirements for Qualification—Gross Income Tests." The Company, however, does not presently intend to acquire or hold or to allow any Partnership to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of the Company's or such Partnership's trade or business.

Treatment of Depositary Shares

Owners of depositary shares will be treated for U.S. federal income tax purposes as if they were owners of the preferred stock represented by such depositary shares. Accordingly, such owners will be entitled to take into account, for U.S. federal income tax purposes, income and deductions to which they would be entitled if they were holders of such preferred stock. In addition, (i) no gain or loss will be recognized for U.S. federal income tax purposes upon the withdrawal of preferred stock to an exchange owner of depositary shares, (ii) the tax basis of each share of preferred stock to an exchanging owner of depositary shares will, upon such exchange, be the same as the aggregate tax basis of the depositary shares exchanged therefor, and (iii) the hold period for preferred stock in the hands of an exchanging owner of depositary shares will include the period during which such person owned such depositary shares.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. The Company cannot give you any assurances as to whether, or in what form, any proposals affecting REITs or their stockholders will be enacted. Changes to the U.S. federal tax laws and interpretations thereof could adversely affect an investment in the Company's stock. Stockholders should consult their tax advisors regarding the effect of potential changes to the U.S. federal tax laws and on an investment in our stock.

State, Local and Foreign Taxes

The Company and/or you may be subject to taxation by various states, localities and foreign jurisdictions, including those in which the Company or a stockholder transacts business, owns property or resides. The state, local and foreign tax treatment may differ from the U.S. federal income tax treatment described above. Consequently, you are urged to consult your tax advisors regarding the effect of state, local and foreign tax laws upon an investment in our stock.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 is hereby incorporated by reference to the definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2020.

Item 11. Executive Compensation.

The information required by Item 11 is hereby incorporated by reference to the definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 12 is hereby incorporated by reference to the definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is hereby incorporated by reference to the definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2020.

Item 14. Principal Accountant Fees and Services.

The information required by Item 14 is hereby incorporated by reference to the definitive proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2020.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) and (2). Financial Statements and Schedules of Colony Capital, Inc.

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All other schedules are omitted because they are not applicable, or the required information is included in the consolidated financial statements or notes thereto.

(a)(3) Exhibits

The Exhibit Index attached hereto is incorporated by reference under this item.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Colony Capital, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Colony Capital, Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedules listed in the Index at Item 15 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 1, 2021 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for financial instruments in 2020 due to the adoption of ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and the related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Real Estate Impairment
Description of the Matter	As more fully disclosed in Note 4 to the consolidated financial statements, during the year ended December 31, 2020, the Company recorded approximately $1,952 million in impairment losses related to real estate assets classified as held for disposition or sold and real estate assets classified as held for investment that are not expected to be recovered through future undiscounted cash flows. Auditing the Company’s assessment of the recoverability of its real estate assets is highly judgmental due to the significant estimation in assessing the current and estimated future cash flows, the anticipated hold period, and the exit capitalization rates for the Company’s real estate assets.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to evaluate the recoverability and estimate the fair value of its real estate assets, including controls over management's development and review of the significant inputs and assumptions used in the estimates. We obtained the Company's assessments of quantitative and qualitative indicators of impairment for a sample of its real estate assets. To test these assessments, we obtained supporting documentation, and for a sample of properties subject to a quantitative impairment assessment, we obtained supporting documentation to substantiate key inputs used in the assessment, compared the significant assumptions used to estimate future cash flows to current industry and economic trends, and tested the mathematical accuracy of management's calculations. We also involved our valuation specialists to assist in evaluating the reasonableness of significant assumptions used in the fair value estimate and consistency of such assumptions with external data sources.
	Impairment of Goodwill
Description of the Matter	At December 31, 2020, the Company's goodwill related to its other segment was $81.6 million. As more fully disclosed in Notes 2 and 7 to the consolidated financial statements, the Company tests goodwill for impairment at the reporting units to which it is assigned at least on an annual basis in the fourth quarter of each year, or more frequently if events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. During the year ended December 31, 2020, the Company recorded impairment of $594 million related to the Other segment. Auditing management's impairment assessment for goodwill is highly judgmental due to the significant estimation required in determining the fair value of the reporting unit. The fair value estimates are sensitive to significant assumptions including, but not limited to, the impact of the transition to the digital investment management business and the value of Colony Credit Real Estate, Inc. management contract to the Company's other investment management reporting unit.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment review process, including controls over management's determination and review of the significant assumptions used in the estimate. We obtained supporting documentation to substantiate key inputs used in the assessment, compared the significant assumptions used to estimate future cash flows to Company forecasts and contractual data, performed a sensitivity analysis to evaluate the assumptions that were most significant to the estimate, and tested the mathematical accuracy of management's calculations. We also involved our valuation specialists to assist in evaluating the reasonableness of significant assumptions used in the fair value estimate and consistency of such assumptions with external data sources.

	Asset Acquisitions—Recognition of acquired assets and liabilities
Description of the Matter	As more fully discussed in Note 3 to the consolidated financial statements, during the year ended December 31, 2020, the Company completed the acquisitions of Vantage Data Centers' portfolio of 12 stabilized hyperscale data centers and Zayo Group Holdings, Inc.'s zColo colocation assets for an aggregate purchase price of approximately $2.7 billion plus assumed liabilities. As explained in Notes 2 and 3 to the consolidated financial statements, the transactions were accounted for as asset acquisitions, and as such, the acquired assets, assumed liabilities and noncontrolling interests are recorded at their relative fair values. Auditing the Company's accounting for the acquisitions was complex due to the significant estimation required by management in determining the relative fair values of the acquired tangible and intangible assets. The significant estimation was primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of the tangible and intangible assets as well as the sensitivity of the respective fair values to the underlying assumptions. The Company utilized discounted cash flows, sales comparison, and direct cost approaches to measure the fair value of the acquired tangible and intangible assets. The more significant assumptions utilized included, but were not limited to, market revenues and discount rates. These significant assumptions are forward looking and could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for determining and reviewing the key inputs and assumptions used in estimating the fair value of acquired tangible and intangible assets, including controls over the Company's review of the assumptions underlying the fair value analysis, the cash flow projections, and the accuracy of the underlying data used. For example, we tested controls over the determination of the fair value of acquired tangible and intangible assets, including the valuation models and underlying assumptions used to develop such estimates. To test the fair values of acquired tangible and intangible assets used in the purchase price allocation, we performed audit procedures that included, among others, evaluating the valuation methods and significant assumptions used by management, testing the completeness and accuracy of the underlying data supporting the determination of the various inputs, and testing its clerical accuracy. Finally, we involved our valuation specialists to assist in evaluating the methodologies used by the Company, performing procedures to corroborate the reasonableness of the significant assumptions utilized in developing the fair value estimates, and performing corroborative calculations to assess the reasonableness of the acquired tangible and intangible assets.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2009.

Los Angeles, California
March 1, 2021

COLONY CAPITAL, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 703,544	$ 1,205,190
Restricted cash	161,919	91,063
Real estate, net	8,727,920	6,218,196
Loans receivable (at fair value at December 31, 2020)	1,295,337	1,566,328
Equity and debt investments ($465,036 and $457,693 at fair value, respectively)	1,737,479	2,313,805
Goodwill	842,929	1,452,891
Deferred leasing costs and intangible assets, net	1,524,968	632,157
Assets held for disposition ($3,332,276 and $4,679,169 held for sale, respectively)	4,105,801	5,743,085
Other assets ($99 and $21,382 at fair value, respectively)	1,017,119	557,989
Due from affiliates	83,544	51,480
Total assets	$ 20,200,560	$ 19,832,184
Liabilities		
Debt, net	$ 7,789,738	$ 5,517,918
Accrued and other liabilities ($128,057 and $127,531 at fair value, respectively)	1,310,100	887,519
Intangible liabilities, net	94,196	111,484
Liabilities related to assets held for disposition	3,697,541	3,862,521
Due to affiliates	601	34,064
Dividends and distributions payable	18,516	83,301
Preferred stock redemptions payable	—	402,855
Total liabilities	12,910,692	10,899,662
Commitments and contingencies (Note 22)		
Redeemable noncontrolling interests	305,278	6,107
Equity		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; $1,033,750 liquidation preference; 250,000 shares authorized; 41,350 shares issued and outstanding	999,490	999,490
Common stock, $0.01 par value per share		
Class A, 949,000 shares authorized; 483,406 and 487,044 shares issued and outstanding, respectively	4,834	4,871
Class B, 1,000 shares authorized; 734 shares issued and outstanding	7	7
Additional paid-in capital	7,570,473	7,553,599
Accumulated deficit	(6,195,456)	(3,389,592)
Accumulated other comprehensive income	122,123	47,668
Total stockholders' equity	2,501,471	5,216,043
Noncontrolling interests in investment entities	4,327,372	3,254,188
Noncontrolling interests in Operating Company	155,747	456,184
Total equity	6,984,590	8,926,415
Total liabilities, redeemable noncontrolling interests and equity	$ 20,200,560	$ 19,832,184

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31, 2020	2019	2018
Revenues			
Property operating income	$ 936,160	$ 737,364	$ 766,923
Interest income	80,471	166,765	214,588
Fee income ($176,524, $220,584 and $143,218 from affiliates, respectively)	177,755	223,915	144,443
Other income ($23,855, $64,226 and $34,695 from affiliates, respectively)	42,208	78,779	45,978
Total revenues	1,236,594	1,206,823	1,171,932
Expenses			
Property operating expense	423,716	333,354	345,495
Interest expense	310,454	306,809	334,560
Investment and servicing expense	62,529	60,646	52,087
Transaction costs	5,966	3,607	7,259
Depreciation and amortization	431,443	307,594	251,981
Provision for loan loss	—	35,880	43,034
Impairment loss	1,473,997	1,086,530	500,434
Compensation expense—cash and equity-based	246,938	209,504	207,370
Compensation expense—carried interest and incentive fee	(8,437)	16,564	7,485
Administrative expenses	110,210	89,906	98,364
Settlement loss	5,090	—	—
Total expenses	3,061,906	2,450,394	1,848,069
Other income (loss)			
Gain on sale of real estate	25,986	62,003	154,980
Other gain (loss), net	(211,084)	(194,106)	53,166
Equity method earnings (losses)	(455,840)	(140,384)	(9,601)
Equity method earnings (losses)—carried interest	(8,026)	11,682	9,525
Loss from continuing operations before income taxes	(2,474,276)	(1,504,376)	(468,067)
Income tax benefit (expense)	10,039	(13,976)	50,104
Loss from continuing operations	(2,464,237)	(1,518,352)	(417,963)
Income (loss) from discontinued operations	(1,326,173)	1,369,437	(77,212)
Net loss	(3,790,410)	(148,915)	(495,175)
Net income (loss) attributable to noncontrolling interests:			
Redeemable noncontrolling interests	616	2,559	(3,708)
Investment entities	(812,547)	990,360	67,994
Operating Company	(302,720)	(93,027)	(39,854)
Net loss attributable to Colony Capital, Inc.	(2,675,759)	(1,048,807)	(519,607)
Preferred stock redemption (Note 14)	—	(5,150)	(3,995)
Preferred stock dividends	75,023	108,550	117,097
Net loss attributable to common stockholders	$ (2,750,782)	$ (1,152,207)	$ (632,709)
Loss per share—basic			
Loss from continuing operations per common share—basic	$ (3.60)	$ (3.16)	$ (1.12)
Net loss attributable to common stockholders per common share—basic	$ (5.81)	$ (2.41)	$ (1.28)
Loss per share—diluted			
Loss from continuing operations per common share—diluted	$ (3.60)	$ (3.16)	$ (1.12)
Net loss attributable to common stockholders per common share—diluted	$ (5.81)	$ (2.41)	$ (1.28)
Weighted average number of shares			
Basic	473,558	479,588	496,993
Diluted	473,558	479,588	496,993

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Net loss	$ (3,790,410)	$ (148,915)	$ (495,175)
Changes in accumulated other comprehensive income (loss) related to:			
Investments in unconsolidated ventures, net	9,292	6,366	(1,809)
Available-for-sale debt securities	(1,964)	12,052	(18,645)
Cash flow hedges	(30)	(767)	(487)
Foreign currency translation	160,008	(24,234)	(81,135)
Net investment hedges	21,001	27,541	33,747
Other comprehensive income (loss)	188,307	20,958	(68,329)
Comprehensive loss	(3,602,103)	(127,957)	(563,504)
Comprehensive income (loss) attributable to noncontrolling interests:			
Redeemable noncontrolling interests	616	2,559	(3,708)
Investment entities	(706,374)	973,447	34,573
Operating Company	(294,577)	(89,793)	(41,719)
Comprehensive loss attributable to stockholders	$ (2,601,768)	$ (1,014,170)	$ (552,650)

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except per share data)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling Interests in Investment Entities	Noncontrolling Interests in Operating Company	Total Equity
Balance at December 31, 2017	$ 1,606,966	$ 5,433	$ 7,913,622	$ (1,165,412)	$ 47,316	$ 8,407,925	$ 3,539,072	$ 402,395	$ 12,349,392
Cumulative effect of adoption of new accounting pronouncements (Note 2)	—	—	—	(1,018)	(202)	(1,220)	—	—	(1,220)
Net income (loss)	—	—	—	(519,607)	—	(519,607)	67,994	(39,854)	(491,467)
Other comprehensive loss	—	—	—	—	(33,043)	(33,043)	(33,421)	(1,865)	(68,329)
Redemption of preferred stock (Note 14)	(199,471)	—	(529)	—	—	(200,000)	—	—	(200,000)
Common stock repurchases	—	(614)	(350,096)	—	—	(350,710)	—	—	(350,710)
Redemption of OP Units for cash and class A common stock	—	20	29,014	—	—	29,034	—	(33,864)	(4,830)
Equity-based compensation	—	34	39,672	—	—	39,706	486	1,414	41,606
Shares canceled for tax withholdings on vested stock awards	—	(33)	(34,170)	—	—	(34,203)	—	—	(34,203)
Reclassification of contingent consideration out of liability at end of measurement period	—	—	12,539	—	—	12,539	—	—	12,539
Issuance of OP Units and common stock —contingent consideration	—	1	—	—	—	1	—	24,608	24,609
Deconsolidation of investment entities (Note 6)	—	—	—	—	—	—	(330,980)	—	(330,980)
Contributions from noncontrolling interests	—	—	—	—	—	—	1,059,891	—	1,059,891
Distributions to noncontrolling interests	—	—	—	—	—	—	(489,261)	(13,793)	(503,054)
Preferred stock dividends	—	—	—	(115,019)	—	(115,019)	—	—	(115,019)
Common stock dividends declared ($0.44 per share)	—	—	—	(217,246)	—	(217,246)	—	—	(217,246)
Reallocation of equity (Notes 2 and 15)	—	—	(12,033)	—	(72)	(12,105)	(34,053)	21,549	(24,609)
Balance at December 31, 2018	$ 1,407,495	$ 4,841	$ 7,598,019	$ (2,018,302)	$ 13,999	$ 7,006,052	$ 3,779,728	$ 360,590	$ 11,146,370

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(In thousands, except per share data)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests in Investment Entities	Noncontrolling Interests in Operating Company	Total Equity
Balance at December 31, 2018	$ 1,407,495	$ 4,841	$ 7,598,019	$ (2,018,302)	$ 13,999	$ 7,006,052	$ 3,779,728	$ 360,590	$ 11,146,370
Cumulative effect of adoption of new accounting pronouncement (Note 2)	—	—	—	(2,905)	—	(2,905)	(1,378)	(185)	(4,468)
Net income (loss)	—	—	—	(1,048,807)	—	(1,048,807)	990,360	(93,027)	(151,474)
Other comprehensive income (loss)	—	—	—	—	34,637	34,637	(16,913)	3,234	20,958
Fair value of noncontrolling interests assumed	—	—	—	—	—	—	789,367	—	789,367
Deconsolidation of investment entities	—	—	—	—	—	—	(6,235)	—	(6,235)
Redemption of preferred stock (Note 14)	(408,005)	—	5,150	—	—	(402,855)	—	—	(402,855)
Common stock repurchases	—	(7)	(3,160)	—	—	(3,167)	—	—	(3,167)
Redemption of OP Units for cash and class A common stock	—	2	2,102	—	—	2,104	—	(2,104)	—
Equity-based compensation	—	49	35,524	—	—	35,573	2,519	1,020	39,112
Shares canceled for tax withholdings on vested stock awards	—	(7)	(3,620)	—	—	(3,627)	—	—	(3,627)
Issuance of OP Units in connection with business combinations (Note 3)	—	—	—	—	—	—	—	114,865	114,865
Contributions from noncontrolling interests	—	—	—	—	—	—	536,235	—	536,235
Distributions to noncontrolling interests	—	—	—	—	—	—	(2,810,560)	(18,528)	(2,829,088)
Preferred stock dividends	—	—	—	(105,198)	—	(105,198)	—	—	(105,198)
Common stock dividends declared ($0.44 per share)	—	—	—	(214,380)	—	(214,380)	—	—	(214,380)
Reallocation of equity (Notes 2 and 15)	—	—	(80,416)	—	(968)	(81,384)	(8,935)	90,319	—
Balance at December 31, 2019	$ 999,490	$ 4,878	$ 7,553,599	$ (3,389,592)	$ 47,668	$ 5,216,043	$ 3,254,188	$ 456,184	$ 8,926,415

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(In thousands, except per share data)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests in Investment Entities	Noncontrolling Interests in Operating Company	Total Equity
Balance at December 31, 2019	$ 999,490	$ 4,878	$ 7,553,599	$ (3,389,592)	$ 47,668	$ 5,216,043	$ 3,254,188	$ 456,184	$ 8,926,415
Cumulative effect of adoption of new accounting pronouncement (Note 2)	—	—	—	(3,187)	—	(3,187)	(1,577)	(349)	(5,113)
Net income loss	—	—	—	(2,675,759)	—	(2,675,759)	(812,547)	(302,720)	(3,791,026)
Other comprehensive income	—	—	—	—	73,991	73,991	106,173	8,143	188,307
Common stock repurchases	—	(127)	(24,622)	—	—	(24,749)	—	—	(24,749)
Fair value of noncontrolling interest assumed in asset acquisition	—	—	—	—	—	—	366,136	—	366,136
Deconsolidation of investment entities (Note 8)	—	—	—	—	—	—	(80,921)	—	(80,921)
Redemption of OP Units for cash and class A common stock	—	22	7,735	—	—	7,757	—	(7,757)	—
Equity-based compensation	—	96	35,265	—	—	35,361	1,172	2,673	39,206
Shares canceled for tax withholdings on vested stock awards	—	(28)	(7,721)	—	—	(7,749)	—	—	(7,749)
Issuance of warrant (Note 15)	—	—	20,240	—	—	20,240	—	—	20,240
Costs related to contributions from noncontrolling interest	—	—	(6,707)	—	—	(6,707)	—	—	(6,707)
Contributions from noncontrolling interests	—	—	—	—	—	—	1,832,740	—	1,832,740
Distributions to noncontrolling interests	—	—	—	—	—	—	(339,414)	(5,857)	(345,271)
Preferred stock dividends	—	—	—	(74,064)	—	(74,064)	—	—	(74,064)
Common stock dividends declared ($0.11 per share)	—	—	—	(52,854)	—	(52,854)	—	—	(52,854)
Reallocation of equity (Note 2)	—	—	(7,316)	—	464	(6,852)	1,422	5,430	—
Balance at December 31, 2020	$ 999,490	$ 4,841	$ 7,570,473	$ (6,195,456)	$ 122,123	$ 2,501,471	$ 4,327,372	$ 155,747	$ 6,984,590

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Cash Flows from Operating Activities			
Net loss	$ (3,790,410)	$ (148,915)	$ (495,175)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Amortization of discount and net origination fees on loans receivable and debt securities	(6,154)	(19,602)	(23,194)
Paid-in-kind interest added to loan principal, net of interest received	(38,398)	(62,464)	(38,408)
Straight-line rent income	(20,453)	(20,741)	(29,330)
Amortization of above- and below-market lease values, net	(6,446)	(19,813)	(6,862)
Amortization of deferred financing costs and debt discount and premium, net	15,602	103,537	89,639
Equity method losses (gains)	463,866	87,444	(10,560)
Distributions of income from equity method investments	102,612	143,417	79,995
Provision for loan losses	—	35,880	43,034
Allowance for doubtful accounts	7,247	6,793	26,860
Impairment of real estate and related intangibles and right-of-use assets	1,987,130	358,443	588,223
Goodwill impairment	594,000	788,000	—
Depreciation and amortization	578,282	596,262	572,406
Equity-based compensation	34,959	39,573	41,876
Unrealized settlement loss	3,890	—	—
Gain on sales of real estate, net	(41,922)	(1,520,808)	(167,231)
Settlement of forward starting interest rate swap	—	(365,111)	—
Deferred income tax benefit	(25,086)	(9,602)	(69,430)
Other loss (gain), net	211,967	190,638	(51,706)
Decrease (increase) in other assets and due from affiliates	14,392	(23,937)	(40,123)
(Increase) decrease in accrued and other liabilities and due to affiliates	16,763	19,985	(470)
Other adjustments, net	(11,948)	(8,111)	(2,579)
Net cash provided by operating activities	89,893	170,868	506,965
Cash Flows from Investing Activities			
Contributions to and acquisition of equity investments	(430,548)	(247,357)	(548,163)
Return of capital from equity method investments	294,932	224,169	433,144
Acquisition of loans receivable and debt securities	—	(771)	(104,247)
Net disbursements on originated loans	(219,990)	(168,960)	(317,952)
Repayments of loans receivable	227,831	229,970	143,360
Proceeds from sales of loans receivable and debt securities	46,272	66,249	225,607
Cash receipts in excess of accretion on purchased credit-impaired loans	—	31,128	159,229
Acquisition of and additions to real estate, related intangibles and leasing commissions	(2,559,343)	(1,918,317)	(1,349,467)
Proceeds from sales of real estate	431,198	6,108,153	864,347
Proceeds from paydown and maturity of debt securities	5,721	11,205	43,625
Cash and restricted cash contributed to CLNC (Note 6)	—	—	(141,153)
Proceeds from sale of equity investments	287,899	165,657	231,040
Proceeds from sale of equity interests in securitization trusts, net of cash and restricted cash deconsolidated (Note 13)	—	—	142,270
Investment deposits	(11,660)	(14,928)	(34,314)
Net receipts (payments) on settlement of derivatives	27,097	46,466	(15,954)
Acquisition of DBH, net of cash acquired, and payment of deferred purchase price (Note 3)	(32,500)	(184,167)	—
Acquisition of DataBank, net of cash acquired (Note 3)	—	(172,365)	—
Other investing activities, net	1,111	22,806	415
Net cash (used in) provided by investing activities	(1,931,980)	4,198,938	(268,213)

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Cash Flows from Financing Activities			
Dividends paid to preferred stockholders	$ (79,333)	$ (108,548)	$ (120,702)
Dividends paid to common stockholders	(106,510)	(214,149)	(310,519)
Repurchase of common stock	(24,749)	(10,734)	(343,143)
Proceeds from issuance of exchangeable senior notes	291,000	—	—
Repurchase of convertible senior notes	(370,998)	—	—
Borrowings from corporate credit facility	600,000	810,200	685,000
Repayment of borrowings from corporate credit facility	(600,000)	(810,200)	(735,000)
Borrowings from secured debt	2,016,833	4,664,450	1,791,021
Repayments of secured debt	(1,684,001)	(5,745,509)	(1,985,990)
Payment of deferred financing costs	(54,750)	(82,202)	(28,630)
Contributions from noncontrolling interests	1,906,250	578,706	1,019,888
Distributions to and redemptions of noncontrolling interests	(360,304)	(2,847,830)	(518,864)
Contribution from Wafra (Note 15)	253,575	—	—
Redemption of preferred stock	(402,855)	—	(200,000)
Shares canceled for tax withholdings on vested stock awards	(7,749)	(3,627)	(34,203)
Redemption of OP Units for cash	—	—	(4,830)
Other financing activities, net	(3,382)	(10,143)	(2,432)
Net cash provided by (used in) financing activities	1,373,027	(3,779,586)	(788,404)
Effect of exchange rates on cash, cash equivalents and restricted cash	7,370	1,748	(11,538)
Net (decrease) increase in cash, cash equivalents and restricted cash	(461,690)	591,968	(561,190)
Cash, cash equivalents and restricted cash, beginning of period	1,424,698	832,730	1,393,920
Cash, cash equivalents and restricted cash, end of period	$ 963,008	$ 1,424,698	$ 832,730

Reconciliation of cash, cash equivalents and restricted cash to consolidated balance sheets

	Year Ended December 31,		
	2020	2019	2018
Beginning of the period			
Cash and cash equivalents	$ 1,205,190	$ 461,912	$ 921,822
Restricted cash	91,063	135,650	216,754
Restricted cash included in assets held for disposition	128,445	235,168	255,344
Total cash, cash equivalents and restricted cash, beginning of period	$ 1,424,698	$ 832,730	$ 1,393,920
End of the period			
Cash and cash equivalents	$ 703,544	$ 1,205,190	$ 461,912
Restricted cash	161,919	91,063	135,650
Restricted cash included in assets held for disposition	97,545	128,445	235,168
Total cash, cash equivalents and restricted cash, end of period	$ 963,008	$ 1,424,698	$ 832,730

The accompanying notes are an integral part of the consolidated financial statements.

COLONY CAPITAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

1. Business

Colony Capital, Inc. (together with its consolidated subsidiaries, the "Company") is a leading global investment firm with a focus on identifying and capitalizing on key secular trends in digital real estate.

Following the acquisition in July 2019 of Digital Bridge Holdings, LLC (“DBH”), an investment manager dedicated to digital real estate and infrastructure, the Company is currently the only global real estate investment trust ("REIT") that owns, manages, and/or operates across all major infrastructure components of the digital ecosystem including data centers, cell towers, fiber networks and small cells. Marc C. Ganzi, who co-founded DBH, became the Chief Executive Officer ("CEO") and President of the Company effective July 1, 2020. In connection with Mr. Ganzi’s appointment as the Company’s CEO and President, the Board of Directors of the Company (the "Board") appointed Mr. Ganzi to the Board, also effective as of July 1, 2020. Thomas J. Barrack, Jr., who, prior to July 1, 2020, served as the Company’s CEO and President, continues to serve in his role as Executive Chairman of the Company and the Board. In addition, Jacky Wu was appointed as the Company’s Chief Financial Officer, effective July 1, 2020.

At December 31, 2020, the Company has $42 billion of assets under management, of which $29 billion is dedicated to digital real estate and infrastructure.

Organization

The Company conducts all of its activities and holds substantially all of its assets and liabilities through its operating subsidiary, Colony Capital Operating Company, LLC (the "Operating Company" or the "OP"). At December 31, 2020, the Company owned 90% of the OP, as its sole managing member. The remaining 10% is owned primarily by certain current and former employees of the Company as noncontrolling interests.

The Company elected to be taxed as a REIT under the Internal Revenue Code for U.S. federal income tax purposes.

Acceleration of Digital Transformation and COVID-19 Considerations

The world continues to face significant healthcare and economic challenges arising from the coronavirus disease 2019, or COVID-19, global pandemic. Efforts to address the pandemic, such as social distancing, closures or reduced capacity of retail and service outlets, hotels, factories and public venues, often mandated by governments, continue to have a significant impact on the global economy and financial markets across major industries, including many sectors of real estate. In particular, the Company and its investees' real estate investments in the hospitality, wellness infrastructure and retail sectors have experienced a myriad of challenges, including, but not limited to: significant declines in operating cash flows at the Company's hotel and wellness infrastructure properties, which in turn, affected the ability to meet debt service and covenant requirements on investment-level debt (non-recourse to the Company) and ability to refinance or extend upcoming maturities; flexible lease payment terms sought by tenants; incremental property operating costs such as labor and supplies in response to COVID-19; payment defaults on the Company's loans receivable; and a distressed market affecting real estate values in general. Such adverse impact may continue well beyond the containment of the COVID-19 pandemic. Furthermore, the COVID-19 crisis may also lead to heightened risk of litigation at the investment and corporate level, with an ensuing increase in litigation and related costs.

The volatility in equity and debt markets, and the economic contraction due to COVID-19 have adversely affected the valuation of certain of the Company's financial assets carried at fair value, such as loans receivable (Note 12), and also resulted in impairment of certain non-financial assets, in particular, non-digital real estate (Note 4) and equity method investments (Note 6).

Additionally, the COVID-19 crisis has reinforced the critical role and the resilience of the digital real estate and infrastructure sector in a global economy that is increasingly reliant on digital infrastructure. Accordingly, in the second quarter of 2020, the Company determined to accelerate its shift to a digitally-focused strategy in order to better position the Company for growth. This digital transformation requires a rotation of the Company's non-digital assets into digital-focused investments. As a result, the Company shortened its assumptions of hold periods on its non-digital assets, in particular its hotel and wellness infrastructure assets, which significantly reduced the undiscounted future net cash flows to be generated by these assets below their carrying values at June 30, 2020. The shortfall in estimated future net cash flows from these assets was further exacerbated by the negative effects of COVID-19 on property operations and market values, as noted above. As a result, significant impairment was recognized in the second quarter of 2020 on the Company's hotel and wellness infrastructure assets. In the third quarter of 2020, as the Company expects to exit its hospitality business through a sale of its hotel assets (as discussed further below), additional write-downs were recorded to align the hotel carrying values to the agreed upon selling price. The acceleration of the Company's digital transformation and the overall reduction in value of the Company's non-digital balance sheet also caused a shortfall in the fair value of the Company's other investment management reporting unit over its carrying value, resulting in significant impairment to the other investment management goodwill in the second quarter of 2020 (Note 7).

The various impairment and fair value decreases as a result of the acceleration of the Company's digital transformation collectively accounted for $3.2 billion of charges in 2020, of which $2.5 billion was attributable to the OP. These amounts are reflected within impairment loss, other loss, equity method losses and within impairment loss in discontinued operations on the statement of operations.

The Company believes that it has materially addressed overall recoverability in value in its financial statements across all of its non-digital assets as of December 31, 2020, applying the Company's best estimates and assumptions at this time based upon external factors known to date and the Company's expected digital transformation timeline. If the extent and duration of the economic effects of COVID-19 negatively affect the Company's financial condition and results of operations beyond the Company's current projections, the estimates and assumptions currently applied by the Company may change, which may lead to further impairment and fair value decreases in its non-digital assets that could be material in the future.

Exit of the Hospitality Business

In September 2020, the Company entered into a definitive agreement with a third party to sell five of the six hotel portfolios in its Hospitality segment and its 55.6% interest in a portfolio of limited service hotels that were acquired through a consensual foreclosure in July 2017 (the "THL Hotel Portfolio"), in the Other segment, composed of 197 hotel properties in aggregate. The remaining portfolio in the Hospitality segment is in receivership and the remaining interests in the THL Hotel Portfolio will continue to be held by investment vehicles managed by the Company. Two of the hotel portfolios that are being sold in the Hospitality segment are held through joint ventures in which the Company holds a 90% and a 97.5% interest, respectively. The aggregate gross proceeds of $67.5 million, subject to certain adjustments as provided in the sale agreement, as amended, represents a transaction value of approximately $2.8 billion, with the acquirer's assumption of $2.7 billion of investment-level debt. Consummation of the sale is subject to customary closing conditions, including but not limited to, acquirer’s assumption of the outstanding mortgage notes encumbering the hotel properties and third party approvals. In October 2020 and February 2021, the parties amended the sale agreement to address certain payments made or that may be made by the Company to lenders or otherwise in connection with the hospitality portfolios, and, subject to the satisfaction of certain conditions, to provide the Company with a purchase price credit for a portion of such funded amounts. The sale is expected to close in the first half of 2021. There can be no assurance that the sale will close in the timeframe contemplated or on the terms anticipated, if at all.

The Company’s pending exit from the hospitality business represents a key milestone in its digital transformation. Accordingly, the sale of these hotel portfolios is a strategic shift that will have a significant effect on the Company’s operations and financial results, and has met the criteria as held for sale and discontinued operations. For all current and prior periods presented, the related assets and liabilities are presented as assets and liabilities held for disposition on the consolidated balance sheets (Note 8) and the related operating results are presented as loss from discontinued operations on the consolidated statements of operations (Note 16).

2. Summary of Significant Accounting Policies

The significant accounting policies of the Company are described below. The accounting policies of the Company's unconsolidated ventures are substantially similar to those of the Company.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated. The portions of equity, net income and other comprehensive income of consolidated subsidiaries that are not attributable to the parent are presented separately as amounts attributable to noncontrolling interests in the consolidated financial statements. A substantial portion of noncontrolling interests represents interests held by private investment funds or other investment vehicles managed by the Company and which invest alongside the Company and membership interests in OP primarily held by certain employees of the Company.

To the extent the Company consolidates a subsidiary that is subject to industry-specific guidance, the Company retains the industry-specific guidance applied by that subsidiary in its consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Principles of Consolidation

The Company consolidates entities in which it has a controlling financial interest by first considering if an entity meets the definition of a variable interest entity ("VIE") for which the Company is deemed to be the primary beneficiary, or if the Company has the power to control an entity through a majority of voting interest or through other arrangements.

Variable Interest Entities—A VIE is an entity that either (i) lacks sufficient equity to finance its activities without additional subordinated financial support from other parties; (ii) whose equity holders lack the characteristics of a controlling financial interest; or (iii) is established with non-substantive voting rights. A VIE is consolidated by its primary beneficiary, which is defined as the party who has a controlling financial interest in the VIE through (a) power to direct the activities of the VIE that most significantly affect the VIE’s economic performance, and (b) obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. The Company also considers interests held by its related parties, including de facto agents. The Company assesses whether it is a member of a related party group that collectively meets the power and benefits criteria and, if so, whether the Company is most closely associated with the VIE. In performing the related party analysis, the Company considers both qualitative and quantitative factors, including, but not limited to: the amount and characteristics of its investment relative to the related party; the Company’s and the related party's ability to control or significantly influence key decisions of the VIE including consideration of involvement by de facto agents; the obligation or likelihood for the Company or the related party to fund operating losses of the VIE; and the similarity and significance of the VIE’s business activities to those of the Company and the related party. The determination of whether an entity is a VIE, and whether the Company is the primary beneficiary, may involve significant judgment, including the determination of which activities most significantly affect the entities’ performance, and estimates about the current and future fair values and performance of assets held by the VIE.

Voting Interest Entities—Unlike VIEs, voting interest entities have sufficient equity to finance their activities and equity investors exhibit the characteristics of a controlling financial interest through their voting rights. The Company consolidates such entities when it has the power to control these entities through ownership of a majority of the entities' voting interests or through other arrangements.

At each reporting period, the Company reassesses whether changes in facts and circumstances cause a change in the status of an entity as a VIE or voting interest entity, and/or a change in the Company's consolidation assessment. Changes in consolidation status are applied prospectively. An entity may be consolidated as a result of this reassessment, in which case, the assets, liabilities and noncontrolling interest in the entity are recorded at fair value upon initial consolidation. Any existing equity interest held by the Company in the entity prior to the Company obtaining control will be remeasured at fair value, which may result in a gain or loss recognized upon initial consolidation. However, if the consolidation represents an asset acquisition of a voting interest entity, the Company's existing interest in the acquired assets, if any, is not remeasured to fair value but continues to be carried at historical cost. The Company may also deconsolidate a subsidiary as a result of this reassessment, which may result in a gain or loss recognized upon deconsolidation depending on the carrying values of deconsolidated assets and liabilities compared to the fair value of any interests retained.

Noncontrolling Interests

Redeemable Noncontrolling Interests—This represents noncontrolling interests in the Company's digital investment management business and in consolidated open-end funds sponsored by the Company. The noncontrolling interests either have redemption rights that will be triggered upon the occurrence of certain events (Note 16) or have the ability to withdraw all or a portion of their interests from the consolidated open-end funds in cash with advance notice.

Redeemable noncontrolling interests is presented outside of permanent equity. Allocation of net income or loss to redeemable noncontrolling interests is based upon their ownership percentage during the period. The carrying amount of redeemable noncontrolling interests is adjusted to its redemption value at the end of each reporting period to an amount not less than its initial carrying value, except for amounts contingently redeemable which will be adjusted to redemption value only when redemption is probable. Such adjustments will be recognized in additional paid-in capital.

Noncontrolling Interests in Investment Entities—This represents predominantly interests in consolidated investment entities held by private investment funds managed by the Company or held by third party joint venture partners. Allocation of net income or loss is generally based upon relative ownership interests held by equity owners in each investment entity, or based upon contractual arrangements that may provide for disproportionate allocation of economic returns among equity interests, including using a hypothetical liquidation at book value basis, where applicable and substantive.

Noncontrolling Interests in Operating Company—This represents membership interests in OP held primarily by certain employees of the Company. Noncontrolling interests in OP are allocated a share of net income or loss in OP based on their weighted average ownership interest in OP during the period. Noncontrolling interests in OP have the right to require OP to redeem part or all of such member's membership units in OP ("OP Units") for cash based on the market value of an equivalent number of shares of class A common stock at the time of redemption, or at the Company's election as managing member of OP, through issuance of shares of class A common stock (registered or unregistered) on a one-for-one basis. At the end of each reporting period, noncontrolling interests in OP is adjusted to reflect their ownership percentage in OP at the end of the period, through a reallocation between controlling and noncontrolling interests in OP, as applicable.

Foreign Currency

Assets and liabilities denominated in a foreign currency for which the functional currency is a foreign currency are translated using the exchange rate in effect at the balance sheet date and the corresponding results of operations for such entities are translated using the average exchange rate in effect during the period. The resulting foreign currency translation adjustments are recorded as a component of accumulated other comprehensive income or loss in stockholders' equity. Upon sale, complete or substantially complete liquidation of a foreign subsidiary, or upon partial sale of a foreign equity method investment, the translation adjustment associated with the investment, or a proportionate share related to the portion of equity method investment sold, is reclassified from accumulated other comprehensive income or loss into earnings.

Assets and liabilities denominated in a foreign currency for which the functional currency is the U.S. dollar are remeasured using the exchange rate in effect at the balance sheet date and the corresponding results of operations for such entities are remeasured using the average exchange rate in effect during the period. The resulting foreign currency remeasurement adjustments are recorded in other gain (loss) on the statements of operations. Disclosures of non-U.S. dollar amounts to be recorded in the future are translated using exchange rates in effect at the date of the most recent balance sheet presented.

Fair Value Measurement

Fair value is based on an exit price, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Where appropriate, the Company makes adjustments to estimated fair values to appropriately reflect counterparty credit risk as well as the Company's own credit-worthiness.

The estimated fair value of financial assets and financial liabilities are categorized into a three tier hierarchy, prioritized based on the level of transparency in inputs used in the valuation techniques, as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in non-active markets, or valuation techniques utilizing inputs that are derived principally from or corroborated by observable data directly or indirectly for substantially the full term of the financial instrument.

Level 3—At least one assumption or input is unobservable and it is significant to the fair value measurement, requiring significant management judgment or estimate.

Where the inputs used to measure the fair value of a financial instrument falls into different levels of the fair value hierarchy, the financial instrument is categorized within the hierarchy based on the lowest level of input that is significant to its fair value measurement.

Fair Value Option

The fair value option provides an option to elect fair value as a measurement alternative for selected financial instruments. The fair value option may be elected only upon the occurrence of certain specified events, including when the Company enters into an eligible firm commitment, at initial recognition of the financial instrument, as well as upon a business combination or consolidation of a subsidiary. The election is irrevocable unless a new election event occurs.

The Company has elected to account for certain equity method investments at fair value and effective January 1, 2020, elected fair value option for all loans receivable upon adoption of Accounting Standards Codification ("ASC") 326, *Financial Instruments—Credit Losses*.

Prior to deconsolidation in May 2018, the Company had elected the fair value option for financial assets and financial liabilities of certain consolidated securitization trusts, and adopted the measurement alternative to measure both the financial assets and financial liabilities of the securitization trusts using the fair value of either the financial assets or financial liabilities, whichever is more observable.

Business Combinations

Definition of a Business—The Company evaluates each purchase transaction to determine whether the acquired assets meet the definition of a business. If substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, then the set of transferred assets and activities is not a business. If not, for an acquisition to be considered a business, it would have to include an input and a substantive process that together significantly contribute to the ability to create outputs (i.e., there is a continuation of revenue before and after the transaction). A substantive process is not ancillary or minor, cannot be replaced without significant costs, effort or delay or is otherwise considered unique or scarce. To qualify as a business without outputs, the acquired assets would require an organized workforce with the necessary skills, knowledge and experience that performs a substantive process.

Asset Acquisitions—For acquisitions that are not deemed to be businesses, the assets acquired are recognized based on their cost to the Company as the acquirer and no gain or loss is recognized. The cost of assets acquired in a group is allocated to individual assets within the group based on their relative fair values and does not give rise to goodwill. Transaction costs related to acquisition of assets are included in the cost basis of the assets acquired.

Business Combinations—The Company accounts for acquisitions that qualify as business combinations by applying the acquisition method. Transaction costs related to acquisition of a business are expensed as incurred and excluded from the fair value of consideration transferred. The identifiable assets acquired, liabilities assumed and noncontrolling interests in an acquired entity are recognized and measured at their estimated fair values. The excess of the fair value of consideration transferred over the fair values of identifiable assets acquired, liabilities assumed and noncontrolling interests in an acquired entity, net of fair value of any previously held interest in the acquired entity, is recorded as goodwill. Such valuations require management to make significant estimates and assumptions.

Contingent Consideration—Contingent consideration is classified as a liability or equity, as applicable. Contingent consideration in connection with the acquisition of a business or a VIE is measured at fair value on acquisition date, and unless classified as equity, is remeasured at fair value each reporting period thereafter until the consideration is settled, with changes in fair value included in net income. Contingent consideration in connection with the acquisition of assets (and that is not a VIE) is generally recognized only when the contingency is resolved, as part of the basis of the acquired assets.

Discontinued Operations

If the disposition of a component, being an operating or reportable segment, business unit, subsidiary or asset group, represents a strategic shift that has or will have a major effect on the Company's operations and financial results, the operating profits or losses of the component when classified as held for sale, and the gain or loss upon disposition of the component, are presented as discontinued operations in the statements of operations.

A business or asset group acquired in connection with a purchase business combination that meets the criteria to be accounted for as held for sale at the date of acquisition is reported as discontinued operations, regardless of whether it meets the strategic shift criteria.

The pending disposition of the hotel business, composed of the Hospitality segment and the THL Hotel Portfolio in the Other segment, and the disposition of the industrial business in December 2019, including its related management platform, represent strategic shifts that have major effects on the Company's operations and financial results, and have met the criteria as held for sale and discontinued operations in September 2020 and June 2019, respectively. Accordingly, for all prior periods presented, the related assets and liabilities are presented as assets and liabilities held for disposition on the consolidated balance sheets (Note 8) and the related operating results are presented as income from discontinued operations on the consolidated statements of operations (Note 16).

Cash and Cash Equivalents

Short-term, highly liquid investments with original maturities of three months or less are considered to be cash equivalents. The Company's cash and cash equivalents are held with major financial institutions and may at times exceed federally insured limits.

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Restricted Cash

Restricted cash consists primarily of amounts related to operating real estate and loans receivable, investment sales proceeds held in escrow, and cash held by the Company's foreign subsidiaries due to certain regulatory capital requirements.

Real Estate Assets

Real Estate Acquisitions

Real estate acquisitions are recorded at the fair values of the acquired components at the time of acquisition, allocated among land, building, site and building improvements, infrastructure, equipment, lease-related tangible and intangible assets and liabilities, such as tenant improvements, deferred leasing costs, in-place lease values, above- and below-market lease values, and tenant relationships. The estimated fair value of acquired land is derived from recent comparable sales of land and listings within the same local region based on available market data. The estimated fair value of acquired buildings and building improvements is derived from comparable sales, discounted cash flow analysis using market-based assumptions, or replacement cost for a similar property, as appropriate. The fair value of site and tenant improvements and infrastructure assets are estimated based upon current market replacement costs and other relevant market rate information.

Real Estate Held for Investment

Real estate held for investment are carried at cost less accumulated depreciation.

Costs Capitalized or Expensed—Expenditures for ordinary repairs and maintenance are expensed as incurred, while expenditures for significant renovations that improve or extend the useful life of the asset are capitalized and depreciated over their estimated useful lives.

Depreciation—Real estate held for investment, other than land, are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Real Estate Assets	Term
Land improvements	5 to 21 years
Building (fee interest)	5 to 51 years
Building leasehold interests	Lesser of remaining term of lease or remaining life of building
Building improvements	Lesser of useful life or remaining life of building
Tenant improvements	Lesser of useful life or remaining term of lease
Data center infrastructure	10 to 19 years
Furniture, fixtures and equipment	1 to 20 years

Impairment—The Company evaluates its real estate held for investment for impairment periodically or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company evaluates real estate for impairment generally on an individual property basis. If an impairment indicator exists, the Company evaluates the undiscounted future net cash flows that are expected to be generated by the property, including any estimated proceeds from the eventual disposition of the property. If multiple outcomes are under consideration, the Company may apply either a probability-weighted cash flows approach or the single-most-likely estimate of cash flows approach, whichever is more appropriate under the circumstances. Based upon the analysis, if the carrying value of a property exceeds its undiscounted future net cash flows, an impairment loss is recognized for the excess of the carrying value of the property over the estimated fair value of the property. In evaluating and/or measuring impairment, the Company considers, among other things, current and estimated future cash flows associated with each property for the duration of the estimated hold period of each property, market information for each sub-market, including, where applicable, competition levels, foreclosure levels, leasing trends, occupancy trends, lease or room rates, and the market prices of similar properties recently sold or currently being offered for sale, expected capitalization rates at exit, and other quantitative and qualitative factors. Another key consideration in this assessment is the Company's assumptions about the highest and best use of its real estate investments and its intent and ability to hold them for a reasonable period that would allow for the recovery of their carrying values. If such assumptions change and the Company shortens its expected hold period, this may result in the recognition of impairment losses.

Real Estate Held for Sale

Real estate is classified as held for sale in the period when (i) management approves a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, subject only to usual and customary terms, (iii) a program is initiated to locate a buyer and actively market the asset for sale at a reasonable price, and (iv) completion of the sale is probable within one year.

Real estate held for sale is stated at the lower of its carrying amount or estimated fair value less disposal cost, with any write-down to fair value less disposal cost recorded as an impairment loss. For any increase in fair value less disposal cost subsequent to classification as held for sale, the impairment loss may be reversed, but only up to the amount of cumulative loss previously recognized. Depreciation is not recorded on assets classified as held for sale. At the time a sale is consummated, the excess, if any, of sale price less selling costs over carrying value of the real estate is recognized as a gain.

If circumstances arise that were previously considered unlikely and, as a result, the Company decides not to sell the real estate asset previously classified as held for sale, the real estate asset is reclassified as held for investment. Upon reclassification, the real estate asset is measured at the lower of (i) its carrying amount prior to classification as held for sale, adjusted for depreciation expense that would have been recognized had the real estate been continuously classified as held for investment, or (ii) its estimated fair value at the time the Company decides not to sell.

Foreclosed Properties

The Company receives foreclosed properties in full or partial settlement of loans receivable by taking legal title or physical possession of the properties. Foreclosed properties are generally recognized at the time the real estate is received at foreclosure sale or upon execution of a deed in lieu of foreclosure. Foreclosed properties are initially measured at fair value. If the fair value of the property is lower than the carrying value of the loan, the difference is recognized as provision for loan loss and the cumulative loss allowance on the loan is charged off. The Company periodically evaluates foreclosed properties for subsequent decrease in fair value which is recorded as additional impairment loss. Fair value of foreclosed properties is generally based on third party appraisals, broker price opinions, comparable sales or a combination thereof.

Loans Receivable

Loans that the Company has the intent and ability to hold for the foreseeable future are classified as held for investment. Loans that the Company intends to sell or liquidate in the foreseeable future are classified as held for sale.

Interest income is recognized based upon contractual interest rate and unpaid principal balance of the loans. Loans that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, are generally considered nonperforming, with reversal of interest income and suspension of interest income recognition. Recognition of interest income may be restored when all principal and interest are current and full repayment of the remaining contractual principal and interest are reasonably assured.

Fair Value Option

Effective January 1, 2020, the Company elected the fair value option for all loans receivable upon adoption of ASC") 326, *Financial Instruments—Credit Losses*.

Loan fair values are generally determined by comparing the current yield to the estimated yield of newly originated loans with similar credit risk or the market yield at which a third party might expect to purchase such investment; or based on discounted cash flow projections of principal and interest expected to be collected, which includes, but is not limited to, consideration of the financial standing of the borrower or sponsor as well as operating results and/or value of the underlying collateral.

For loans that are nonperforming where recognition of interest income is suspended, any interest subsequently collected is recognized on a cash basis by crediting income when received.

Origination and other fees charged to the borrower are recognized immediately as interest income when earned. Costs to originate or purchase loans are expensed as incurred.

Amortized Cost

Prior to 2020, all loans receivable were accounted for under the amortized cost framework which depends on the Company's strategy whether to hold or sell the loan, whether the loan was credit-impaired at the time of acquisition, or if the lending arrangement is an acquisition, development and construction loan, as follows.

Loans Held for Investment (other than Purchased Credit-Impaired Loans)

Originated loans are recorded at amortized cost, or outstanding unpaid principal balance less net deferred loan fees. Net deferred loan fees include unamortized origination and other fees charged to the borrower less direct incremental loan origination costs incurred by the Company. Purchased loans are recorded at amortized cost, or unpaid principal balance plus purchase premium or less unamortized discount. Costs to purchase loans are expensed as incurred.

Interest Income—For loans placed on nonaccrual status where recognition of interest income is suspended, any interest subsequently collected is recognized on a cash basis by crediting income when received; or if ultimate collectability of loan principal is uncertain, interest collected is recognized using a cost recovery method by applying interest collected as a reduction to loan carrying value.

Net deferred loan fees on originated loans are deferred and amortized as adjustments to interest income over the expected life of the loans using the effective yield method. Premium or discount on purchased loans are amortized as adjustments to interest income over the expected life of the loans using the effective yield method. For revolving loans, net deferred loan fees, premium or discount are amortized to interest income using the straight-line method. When a loan is prepaid, prepayment fees and any excess of proceeds over the carrying amount of the loan are recognized as additional interest income.

Impairment and Allowance for Loan Losses—On a periodic basis, the Company analyzes the extent and effect of any credit migration from underwriting and the initial investment review associated with the performance of a loan and/or value of its underlying collateral, financial and operating capability of the borrower or sponsor, as well as amount and status of any senior loan, where applicable. Specifically, operating results of collateral properties and any cash reserves are analyzed and used to assess whether cash from operations are sufficient to cover debt service requirements currently and into the future, ability of the borrower to refinance the loan, liquidation value of collateral properties, financial wherewithal of any loan guarantors as well as the borrower’s competency in managing and operating the collateral properties. Such analysis is performed at least quarterly, or more often as needed when impairment indicators are present. The Company does not utilize a statistical credit rating system to monitor and assess the credit risk and investment quality of its acquired or originated loans. Given the diversity of the Company's portfolio, management believes there is no consistent method of assigning a numerical rating to a particular loan that captures all of the various credit metrics and their relative importance. Therefore, the Company evaluates impairment and allowance for loan losses on an individual loan basis.

Loans are considered to be impaired when it is probable that the Company will not be able to collect all amounts due in accordance with contractual terms of the loans, including consideration of underlying collateral value. Allowance for loan losses represents the estimated probable credit losses inherent in loans held for investment at balance sheet date. Changes in allowance for loan losses are recorded in the provision for loan losses on the statement of operations. Allowance for loan losses generally excludes interest receivable as accrued interest receivable is reversed when a loan is placed on nonaccrual status. Allowance for loan losses is generally measured as the difference between the carrying value of the loan and either the present value of cash flows expected to be collected, discounted at the original effective interest rate of the loan or an observable market price for the loan. Subsequent changes in impairment are recorded as adjustments to the provision for loan losses. Loans are charged off against allowance for loan losses when all or a portion of the principal amount is determined to be uncollectable. A loan is considered to be collateral-dependent when repayment of the loan is expected to be provided solely by the underlying collateral. Impaired collateral dependent loans are written down to the fair value of the collateral less disposal cost through a provision and a charge-off against allowance for loan losses.

Troubled Debt Restructuring ("TDR")—A loan with contractual terms modified in a manner that grants concession to the borrower who is experiencing financial difficulty is classified as a TDR. Concessions could include term extensions, payment deferrals, interest rate reductions, principal forgiveness, forbearance, or other actions designed to maximize the Company's collection on the loan. As a TDR is generally considered to be an impaired loan, it is measured for impairment based on the Company's allowance for loan losses methodology.

Loans Held for Sale

Loans held for sale are carried at the lower of amortized cost or fair value less disposal cost, with valuation changes recognized as impairment loss. Loans held for sale are not subject to allowance for loan losses. Net deferred loan origination fees and loan purchase premiums or discounts are deferred and capitalized as part of the carrying value of the held for sale loan until the loan is sold, therefore included in the periodic valuation adjustments based on lower of cost or fair value less disposal cost.

Purchased Credit-Impaired ("PCI") Loans

PCI loans are acquired loans with evidence of credit quality deterioration for which it is probable at acquisition that the Company will collect less than the contractually required payments. PCI loans are recorded at the initial investment in the loans and accreted to the estimated cash flows expected to be collected as measured at acquisition date. The excess of cash flows expected to be collected, measured as of acquisition date, over the estimated fair value represents the accretable yield and is recognized in interest income over the remaining life of the loan using the effective interest method.

The difference between contractually required payments as of the acquisition date and the cash flows expected to be collected ("nonaccretable difference") is not recognized as an adjustment of yield, loss accrual or valuation allowance.

The Company evaluates estimated future cash flows expected to be collected on a quarterly basis, starting with the first full quarter after acquisition, or earlier if conditions indicating impairment are present. If the cash flows expected to be collected cannot be reasonably estimated, either at acquisition or in subsequent evaluation, the Company may consider placing such PCI loans on nonaccrual, with interest income recognized using the cost recovery method or on a cash basis. Subsequent decreases in cash flows expected to be collected are evaluated to determine whether a provision for loan loss should be established. If decreases in expected cash flows result in a decrease in the estimated fair value of the loan below its amortized cost, the Company records a provision for loan losses calculated as the difference between the loan's amortized cost and the revised cash flows, discounted at the loan's effective yield. Subsequent increases in cash flows expected to be collected are first applied to reverse any previously recorded allowance for loan losses, with any remaining increases recognized prospectively through an adjustment to yield over its remaining life.

Factors that most significantly affect estimates of cash flows expected to be collected, and accordingly the accretable yield, include: (i) estimate of the remaining life of acquired loans which may change the amount of future interest income; (ii) changes to prepayment assumptions; (iii) changes to collateral value assumptions for loans expected to foreclose; and (iv) changes in interest rates on variable rate loans.

PCI loans may be aggregated into pools based upon common risk characteristics, such as loan performance, collateral type and/or geographic location of the collateral. A pool is accounted for as a single asset with a single composite yield and an aggregate expectation of estimated future cash flows. A PCI loan modified within a pool remains in the pool, with the effect of the modification incorporated into the expected future cash flows. A loan resolution within a loan pool, which may involve the sale of the loan or foreclosure on the underlying collateral, results in the removal of an allocated carrying amount, including an allocable portion of any existing allowance.

Acquisition, Development and Construction ("ADC") Arrangements

The Company provides loans to third party developers for the acquisition, development and construction of real estate. Under an ADC arrangement, the Company participates in the expected residual profits of the project through the sale, refinancing or other use of the property. The Company evaluates the characteristics of each ADC arrangement, including its risks and rewards, to determine whether they are more similar to those associated with a loan or an investment in real estate. ADC arrangements with characteristics implying loan classification are presented as loans receivable and result in the recognition of interest income. ADC arrangements with characteristics implying real estate joint ventures are presented as investments in unconsolidated joint ventures and are accounted for using the equity method. The classification of each ADC arrangement as either loan receivable or real estate joint venture involves significant judgment and relies on various factors, including market conditions, amount and timing of expected residual profits, credit enhancements in the form of guaranties, estimated fair value of the collateral, significance of borrower equity in the project, among others. The classification of ADC arrangements is performed at inception, and periodically reassessed when significant changes occur in the circumstances or conditions described above.

Equity Investments

A noncontrolling, unconsolidated ownership interest in an entity may be accounted for using one of: (i) equity method where applicable; (ii) fair value option if elected; (iii) fair value through earnings if fair value is readily determinable, including election of net asset value ("NAV") practical expedient where applicable; or (iv) for equity investments without readily determinable fair values, the measurement alternative to measure at cost adjusted for any impairment and observable price changes, as applicable.

Marketable equity securities are recorded as of trade date. Dividend income is recognized on the ex-dividend date and is included in other income.

Fair value changes of equity method investments under the fair value option are recorded in earnings from investments in unconsolidated ventures. Fair value changes of other equity investments, including adjustments for observable price changes under the measurement alternative, are recorded in other gain (loss).

On January 1, 2018, the Company recorded a $0.6 million decrease to accumulated deficit to reflect the measurement of equity investments at fair value through earnings upon adoption of Accounting Standards Update ("ASU") 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*.

Equity Method Investments

The Company accounts for investments under the equity method of accounting if it has the ability to exercise significant influence over the operating and financial policies of an entity, but does not have a controlling financial interest.

The equity method investment is initially recorded at cost and adjusted each period for capital contributions, distributions and the Company's share of the entity’s net income or loss as well as other comprehensive income or loss. The Company's share of net income or loss may differ from the stated ownership percentage interest in an entity if the governing documents prescribe a substantive non-proportionate earnings allocation formula or a preferred return to certain investors. For certain equity method investments, the Company records its proportionate share of income on a one to three month lag. Distributions of operating profits from equity method investments are reported as operating activities, while distributions in excess of operating profits are reported as investing activities in the statement of cash flows under the cumulative earnings approach.

Carried Interest—The Company's equity method investments include its interests as general partner or equivalent in investment vehicles that it sponsors or co-sponsors. The Company recognizes earnings based on its proportionate share of results from these investment vehicles and a disproportionate allocation of returns based on the extent to which cumulative performance exceeds minimum return hurdles pursuant to terms of their respective governing agreements (“carried interests”). To the extent the investment vehicles qualify for investment company accounting, their underlying results and consequently, the calculation of carried interests, reflect changes in fair value of their investments each period. The amount of carried interest recognized based on the cumulative performance of each investment vehicle if it were liquidated as of the reporting date may be subject to reversal until such time the carried interest, if any, is realized. Realization of carried interest generally occurs upon disposition of all underlying investments of an investment vehicle, or in part with each disposition, pursuant to the governing documents of the investment vehicles.

Impairment

Evaluation of impairment applies to equity method investments and equity investments under the measurement alternative. If indicators of impairment exist, the Company will first estimate the fair value of its investment. In assessing fair value, the Company generally considers, among others, the estimated enterprise value of the investee or fair value of the investee's underlying net assets, including net cash flows to be generated by the investee as applicable, and for equity method investees with publicly traded equity, the traded price of the equity securities in an active market.

For investments under the measurement alternative, if carrying value of the investment exceeds its fair value, an impairment is deemed to have occurred.

For equity method investments, further consideration is made if a decrease in value of the investment is other-than-temporary to determine if impairment loss should be recognized. Assessment of other-than-temporary impairment ("OTTI") involves management judgment, including, but not limited to, consideration of the investee’s financial condition, operating results, business prospects and creditworthiness, the Company's ability and intent to hold the investment until recovery of its carrying value, or a significant and prolonged decline in traded price of the investee’s equity security. If management is unable to reasonably assert that an impairment is temporary or believes that the Company may not fully recover the carrying value of its investment, then the impairment is considered to be other-than-temporary.

Investments that are other-than-temporarily impaired are written down to their estimated fair value. Impairment loss is recorded in equity method earnings for equity method investments and in other gain (loss) for investments under the measurement alternative.

Debt Securities

Debt securities are recorded as of the trade date. Debt securities designated as available-for-sale (“AFS”) are carried at fair value with unrealized gains or losses included as a component of other comprehensive income. Upon disposition of AFS debt securities, the cumulative gains or losses in other comprehensive income (loss) that are realized are recognized in other gain (loss), net, on the statement of operations based on specific identification.

Interest Income—Interest income from debt securities, including stated coupon interest payments and amortization of purchase premiums or discounts, is recognized using the effective interest method over the expected lives of the debt securities.

For beneficial interests in debt securities that are not of high credit quality (generally credit rating below AA) or that can be contractually settled such that the Company would not recover substantially all of its recorded investment, interest income is recognized as the accretable yield over the life of the securities using the effective yield method. The accretable yield is the excess of current expected cash flows to be collected over the net investment in the security, including the yield accreted to date. The Company evaluates estimated future cash flows expected to be collected on a quarterly basis, starting with the first full quarter after acquisition, or earlier if conditions indicating impairment are present. If the cash flows expected to be collected cannot be reasonably estimated, either at acquisition or in subsequent evaluation, the Company may consider placing the securities on nonaccrual, with interest income recognized using the cost recovery method.

Impairment—The Company performs an assessment, at least quarterly, to determine whether its AFS debt securities are considered to be impaired, that is if their fair value is less than their amortized cost basis.

If the Company intends to sell the impaired debt security or is more likely than not will be required to sell the debt security before recovery of its amortized cost, the entire impairment amount is recognized in earnings within other gain (loss) as a write-off of the amortized cost basis of the debt security.

If the Company does not intend to sell or is not more likely than not required to sell the debt security before recovery of its amortized cost:

- Effective January 1, 2020, the credit component of the loss is recognized in earnings within other gain (loss) as an allowance for credit loss, which may be subject to reversal for subsequent recoveries in fair value. The non-credit loss component is recognized in other comprehensive income or loss ("OCI"). The allowance is charged off against the amortized cost basis of the security if in a subsequent period, the Company intends to or more likely than not will be required to sell the security, or if the Company deems the security to be uncollectable.
- Prior to 2020, the Company evaluated if the decline in fair value was other-than-temporary, in which case, the credit loss component was recognized in earnings within other gain (loss) as a write-off of the amortized cost basis of the debt security that was not subject to subsequent reversal. The difference between the new amortized cost basis and the cash flows expected to be collected was accreted as interest income. The non-credit loss component was recognized in OCI. If the impairment was not other-than-temporary, the entire unrealized loss was recognized in OCI.

In assessing impairment and estimating future expected cash flows, factors considered include, but are not limited to, credit rating of the security, financial condition of the issuer, defaults for similar securities, performance and value of assets underlying an asset-backed security.

Identifiable Intangibles

In a business combination or asset acquisition, the Company may recognize identifiable intangibles that meet either or both the contractual legal criterion or the separability criterion. An indefinite-lived intangible is not subject to amortization until such time that its useful life is determined to no longer be indefinite, at which point, it will be assessed for impairment and its adjusted carrying amount amortized over its remaining useful life. Finite-lived intangibles are amortized over their useful life in a manner that reflects the pattern in which the intangible is being consumed if readily determinable, such as based upon expected cash flows; otherwise they are amortized on a straight-line basis. The useful life of all identified intangibles will be periodically reassessed and if useful life changes, the carrying amount of the intangible will be amortized prospectively over the revised useful life.

The Company's identifiable intangible assets are generally valued under the income approach, using an estimate of future net cash flows, discounted based upon risk-adjusted returns for similar underlying assets.

Lease-Related Intangibles—Identifiable intangibles recognized in acquisitions of operating real estate include in-place leases, deferred leasing costs, above- or below-market leases, and tenant relationships.

In-place leases generate value over and above the tangible real estate because a property that is occupied with leased space is typically worth more than a vacant building without a lease contract in place. Acquired in-place leases are valued as the forgone rental income had the property been acquired in an as if vacant state, using market data on comparable and recently signed leases. Deferred leasing costs represent leasing commissions and legal fees that would otherwise have been incurred if a lease was not in-place. Acquired in-place leases and deferred leasing costs are amortized on a straight-line basis to depreciation and amortization expense over the remaining term of the applicable leases. If an in-place lease is terminated, the unamortized portion is charged to depreciation and amortization expense.

The value of the above- or below-market component of acquired leases represents the difference between contractual rents of acquired leases and market rents at the time of the acquisition for the remaining lease term. Above- or below-market operating lease values are amortized on a straight-line basis as a decrease or increase to rental income, respectively, over the applicable lease terms. This includes fixed rate renewal options in acquired leases that are assumed to be renewed if below market, which are amortized to increase rental income over the renewal period.

Tenant relationships represent the estimated net cash flows attributable to the likelihood of lease renewal by an existing tenant relative to the cost of obtaining a new lease, taking into consideration the time it would take to execute a new lease or backfill a vacant space. Tenant relationships are amortized on a straight-line basis to depreciation and amortization expense over its estimated useful life.

Investment Management Intangibles—Identifiable intangibles recognized in acquisition of an investment management business generally include management contracts, which represent contractual rights to future fee income from in-place management contracts that is amortized based upon expected cash flows over the remaining term of the contracts; and investor relationships, which represent potential fee income generated from future reinvestment by existing investors that is amortized on a straight-line basis over its estimated useful life.

Other Intangible Assets—In addition to leasing activities, data center operators provide various data center services to their customers, largely in the colocation business, which give rise to customer service contract and customer relationship intangible assets in an acquisition of operating data centers. Customer service contracts are valued based upon an estimate of net cash flows from providing data center services that would have been forgone if these service contracts were not in place, taking into consideration the time it would take to execute a new contract. Customer service contracts are amortized on a straight-line basis over the remaining term of the respective contracts, and if the service contract is terminated, the remaining unamortized balance is charged off. Customer relationships represent incremental net cash flows to the business that is attributable to these in-place relationships, and is amortized on a straight-line basis over its estimated useful life.

Trade names are recognized as a separate identifiable intangible asset to the extent the Company intends to continue using the trade name post-acquisition. Trade names are valued as the savings from royalty fees that would have otherwise been incurred. Trade names are amortized on a straight-line basis over the estimated useful life, or not amortized if they are determined to have an indefinite useful life.

Impairment

Identifiable intangible assets are reviewed periodically to determine if circumstances exist which may indicate a potential impairment. If such circumstances are considered to exist, the Company evaluates if carrying value of the intangible asset is recoverable based upon an undiscounted cash flow analysis. Impairment loss is recognized for the excess, if any, of carrying value over estimated fair value of the intangible asset. An impairment establishes a new basis for the intangible asset and any impairment loss recognized is not subject to subsequent reversal.

Impairment analysis on lease intangible assets is performed in connection with the impairment assessment of the related real estate. In evaluating investment management intangibles for impairment, such as management contracts and investor relationships, the Company considers various factors that may affect future fee income, including but not limited to, changes in fee basis, amendments to contractual fee terms, and projected capital raising for future investment vehicles. Indefinite life trade names are impaired if the Company determines that it no longer intends to use the trade name.

Goodwill

Goodwill is an unidentifiable intangible asset and is recognized as a residual, generally measured as the excess of consideration transferred in a business combination over the identifiable assets acquired, liabilities assumed and noncontrolling interests in the acquiree. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is tested for impairment at the reporting units to which it is assigned at least on an annual basis in the fourth quarter of each year, or more frequently if events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value, including goodwill. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit to which the goodwill is assigned is less than its carrying value, including goodwill. If so, a quantitative assessment is performed to identify both the existence of impairment and the amount of impairment loss. The Company may bypass the qualitative assessment and proceed directly to performing a quantitative assessment to compare the fair value of a reporting unit with its carrying value, including goodwill. Impairment is measured as the excess of carrying value over fair value of the reporting unit, with the loss recognized limited to the amount of goodwill assigned to that reporting unit.

An impairment establishes a new basis for goodwill and any impairment loss recognized is not subject to subsequent reversal. Goodwill impairment tests require judgment, including identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit.

Accounts Receivable and Related Allowance

Property Operating Income Receivables (excluding lease income receivables)—The Company periodically evaluates aged receivables and considers the collectability of unbilled receivables. The Company establishes an allowance when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due under existing contractual terms, and the amount can be reasonably estimated.

Cost Reimbursements and Recoverable Expenses—The Company is entitled to reimbursements and/or recovers certain costs paid on behalf of investment vehicles managed by the Company, which include: (i) organization and offering costs associated with the formation and capital raising of the investment vehicles subject to certain limitations; (ii) direct and indirect operating costs associated with managing the operations of certain investment vehicles; and (iii) costs incurred in performing investment due diligence. Indirect operating costs are recorded as expenses of the Company when incurred and amounts allocated and reimbursable are recorded as other income in the consolidated statements of operations. The Company facilitates the payments of organization and offering costs, due diligence costs to the extent the related investments are consummated and direct operating costs, all of which are recorded as due from affiliates on the consolidated balance sheets, until such amounts are repaid. Due diligence costs related to unconsummated investments that are borne by the Company are expensed as investment and servicing expense in the consolidated statement of operations. The Company assesses the collectability of such receivables and establishes an allowance for any balances considered not collectable.

Fixed Assets

Fixed assets of the Company are presented within other assets and carried at cost less accumulated depreciation and amortization. Ordinary repairs and maintenance are expensed as incurred. Major replacements and betterments which improve or extend the life of assets are capitalized and depreciated over their useful life. Depreciation and amortization is recognized on a straight-line basis over the estimated useful life of the assets, which range between 3 to 5 years for furniture, fixtures, equipment and capitalized software, and over the shorter of the lease term or useful life for leasehold improvements.

Transfers of Financial Assets

Sale accounting for transfers of financial assets is limited to the transfer of an entire financial asset, a group of financial assets in its entirety, or a component of a financial asset which meets the definition of a participating interest with characteristics that are similar to the original financial asset.

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. If the Company has any continuing involvement, rights or obligations with the transferred financial asset (outside of standard representations and warranties), sale accounting requires that the transfer meets the following conditions: (1) the transferred asset has been legally isolated; (2) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred asset; and (3) the Company does not maintain effective control over the transferred asset through an agreement that provides for (a) both an entitlement and an obligation by the Company to repurchase or redeem the asset before its maturity, (b) the unilateral ability by the Company to reclaim the asset and a more than trivial benefit attributable to that ability, or (c) the transferee requiring the Company to repurchase the asset at a price so favorable to the transferee that it is probable the repurchase will occur.

If the criteria for sale accounting are met, the transferred financial asset is removed from the balance sheet and a net gain or loss is recognized upon sale, taking into account any retained interests. Transfers of financial assets that do not meet the criteria for sale are accounted for as financing transactions.

Derivative Instruments and Hedging Activities

The Company uses derivative instruments to manage its foreign currency risk and interest rate risk. The Company does not use derivative instruments for speculative or trading purposes. All derivative instruments are recorded at fair value and included in other assets or other liabilities on a gross basis on the balance sheet. The accounting for changes in fair value of derivatives depends upon whether the Company has elected to designate the derivative in a hedging relationship and the derivative qualifies for hedge accounting. The Company has economic hedges that have not been designated for hedge accounting.

Changes in fair value of derivatives not designated as accounting hedges are recorded in the statement of operations in other gain (loss).

For designated accounting hedges, the relationships between hedging instruments and hedged items, risk management objectives and strategies for undertaking the accounting hedges as well as the methods to assess the effectiveness of the derivative prospectively and retrospectively, are formally documented at inception. Hedge effectiveness relates to the amount by which the gain or loss on the designated derivative instrument exactly offsets the change in the hedged item attributable to the hedged risk. If it is determined that a derivative is not expected to be or has ceased to be highly effective at hedging the designated exposure, hedge accounting is discontinued.

Cash Flow Hedges—The Company uses interest rate caps and swaps to hedge its exposure to interest rate fluctuations in forecasted interest payments on floating rate debt and may designate as cash flow hedges. Changes in fair value of the derivative is recorded in accumulated other comprehensive income (loss) or AOCI and reclassified into earnings when the hedged item affects earnings. If the derivative in a cash flow hedge is terminated or the hedge designation is removed, related amounts in AOCI are reclassified into earnings when the hedged item affects earnings.

Net Investment Hedges—The Company uses foreign currency hedges to protect the value of its net investments in foreign subsidiaries or equity method investees whose functional currencies are not U.S. dollars. Changes in fair value of derivatives used as hedges of net investment in foreign operations are recorded in the cumulative translation adjustment account within AOCI.

At the end of each quarter, the Company reassesses the effectiveness of its net investment hedges and as appropriate, dedesignates the portion of the derivative notional that is in excess of the beginning balance of its net investments as undesignated hedges.

Release of amounts in AOCI related to net investment hedges occurs upon losing a controlling financial interest in an investment or obtaining control over an equity method investment. Upon sale, complete or substantially complete liquidation of an investment in a foreign subsidiary, or partial sale of an equity method investment, the gain or loss on the related net investment hedge is reclassified from AOCI to earnings.

Leases

As lessee, the Company determines if an arrangement contains a lease and determines the classification of a leasing arrangement at its inception. A lease is classified as a finance lease, which represents a financed purchase of the leased asset, if the lease meets any of the following criteria: (a) asset ownership is transferred to lessee by end of lease term; (b) option to purchase asset is reasonably certain to be exercised by lessee; (c) the lease term is for a major part of the remaining economic life of the asset; (d) the present value of lease payments equals or exceeds substantially the fair value of the asset; or (e) the asset is of such a specialized nature that it is expected to have no alternative use at end of lease term. A lease is classified as an operating lease when none of the criteria are met.

The Company's leasing arrangements are composed primarily of finance and operating leases for data centers, operating ground leases for other investment properties, and operating leases for its corporate offices.

Short-term leases are not recorded on the balance sheet, with lease payments expensed on a straight-line basis over the lease term. Short-term leases are defined as leases which at commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

For leases with terms greater than 12 months, a lessee's rights to use the leased asset and obligation to make future lease payments are recognized on balance sheet at lease commencement date as a right-of-use ("ROU") lease asset and a lease liability, respectively. The lease liability is measured based upon the present value of future lease payments over the lease term, discounted at the incremental borrowing rate. Variable lease payments are excluded and are recognized as lease expense as incurred. Lease renewal or termination options are taken into account only if it is reasonably certain that the option would be exercised. As an implicit rate is not readily determinable in most leases, an estimated incremental borrowing rate is applied, which is the interest rate that the Company or its subsidiary, where applicable, would have to pay to borrow an amount equal to the lease payments, on a collateralized basis over the lease term. In estimating incremental borrowing rates, consideration is given to recent debt financing transactions by the Company or its subsidiaries as well as publicly available data for debt instruments with similar characteristics, adjusted for the lease term. The ROU lease asset is measured based upon the corresponding lease liability, reduced by any lease incentives and adjusted to include capitalized initial direct leasing costs.

The Company's ROU lease asset is presented within other assets and is amortized on a straight-line basis over the shorter of its useful life or remaining lease term. The Company's lease liability is presented within accrued and other liabilities. The lease liability is (a) reduced by lease payments made during the period under both finance and operating leases; and (b) additionally, for finance leases, accreted to reflect accrued interest for effectively financing the leased asset. For finance leases, periodic lease payments are allocated between (i) interest expense, calculated based upon the incremental borrowing rate determined at commencement, to produce a constant periodic interest rate on the remaining balance of the lease liability, and (ii) reduction of lease liability. The combination of periodic interest expense and amortization expense on the ROU lease asset effectively reflects installment purchases on the financed leased asset, and results in a front-loaded expense recognition. Higher interest expense is recorded in the early periods as a constant interest rate is applied to the finance lease liability and the liability decreases over the lease term as cash payments are made. For operating leases, fixed lease expense is recognized over the lease term on a straight-line basis and variable lease expense is recognized in the period incurred.

A lease that is terminated before expiration of its lease term would result in a derecognition of the lease liability and ROU lease asset, with the difference recorded in the income statement, reflected as other gain (loss). If a plan has been committed to abandon an ROU lease asset at a future date before the end of its lease term, amortization of the ROU lease asset is accelerated based on its revised useful life. If an ROU lease asset is abandoned with immediate effect and the carrying value of the ROU lease asset is determined to be unrecoverable, an impairment loss is recognized on the ROU lease asset.

Financing Costs

Debt discounts and premiums as well as debt issuance costs (except for revolving credit arrangements) are presented net against the associated debt on the balance sheet and amortized into interest expense using the effective interest method over the contractual term or expected life of the debt instrument. Costs incurred in connection with revolving credit arrangements are recorded as deferred financing costs in other assets, and amortized on a straight-line basis over the expected term of the credit facility.

Property Operating Income

Property operating income includes the following:

Lease Income

The Company's lease income is composed of (i) fixed lease income for rents, and for interconnection services and a committed amount of power related to contracted data center leased space; and (ii) variable lease income for tenant reimbursements, resident fee income from senior housing operating facilities, and additional metered power reimbursements based upon usage by data center tenants at prevailing rates. As lessor, the Company made the accounting policy election to treat the lease and nonlease components in a lease contract as a single component to the extent that the timing and pattern of transfer are similar for the lease and nonlease components and the lease component qualifies as an operating lease. Accordingly, the nonlease components of tenant reimbursements for net leases, ancillary services within resident fee income, and interconnection services and payments for power by data center tenants are combined with their respective lease components and accounted for as a single lease component as the lease component is predominant.

Rental Income and Tenant Reimbursements

Rental income is recognized on a straight-line basis over the noncancelable term of the related lease which includes the effects of minimum rent increases and rent abatements under the lease. Rents received in advance are deferred.

In net lease arrangements, the tenant is generally responsible for operating expenses relating to the property, including real estate taxes, property insurance, maintenance, repairs and improvements. Costs reimbursable from tenants and other recoverable costs are recognized as revenue in the period the recoverable costs are incurred. When the Company is the primary obligor with respect to purchasing goods and services for property operations and has discretion in selecting the supplier and retains credit risk, tenant reimbursement revenue and property operating expenses are presented on a gross basis in the statements of operations. For net leases where the lessee self-manages the property, hires its own service providers and retains credit risk for routine maintenance contracts, no reimbursement revenue and expense are recognized. For property taxes and insurance, amounts paid directly by lessees to third parties on behalf of the Company are not recognized in the statement of operations, while amounts paid by the Company and reimbursed by lessees are presented gross as property operating income and expenses. Also, sales and similar taxes assessed by a governmental authority that is imposed on specific lease income producing transactions are netted against related collections from lessees.

When it is determined that the Company is the owner of tenant improvements, the cost to construct the tenant improvements, including costs paid for or reimbursed from the tenants, is capitalized. For Company-owned tenant improvements, the amounts funded by or reimbursed from the tenants are recorded as deferred revenue, which is amortized on a straight-line basis as additional rental income over the term of the related lease. Rental income recognition commences when the leased space is substantially ready for its intended use and the tenant takes possession of the leased space.

When it is determined that the tenant is the owner of tenant improvements, the Company's contribution towards those improvements is recorded as a lease incentive, included in deferred leasing costs and intangible assets on the balance sheet, and amortized as a reduction to rental income on a straight-line basis over the term of the lease. Rental income recognition commences when the tenant takes possession of the lease space.

Collectability—The Company evaluates collectability of lease payments based upon the creditworthiness of the lessee and recognizes lease income only to the extent collection of all amounts due over the life of the lease is determined to be probable. If collection is subsequently determined to no longer be probable, any previously accrued lease income that has not been collected is subject to reversal. If collection is subsequently determined to be probable, lease income and corresponding receivable would be reestablished to an amount that would have been recognized if collection had always been deemed to be probable. On January 1, 2019, the Company recorded $4.5 million increase to accumulated deficit to reverse certain operating lease receivables for which collection was determined to be not probable upon adoption of ASC 842, *Leases*

Costs to Execute Lease—Only incremental costs of obtaining a lease, such as leasing commissions, qualify as initial direct leasing costs to be capitalized. Indirect costs such as allocated overhead, certain legal fees and negotiation costs are expensed as incurred.

Resident Fee Income

Resident fee income is earned from senior housing operating facilities that operate through management agreements with independent third-party operators. Resident fee income related to independent living and assisted living facilities is recorded when services are rendered based on terms of their respective lease agreements.

Data Center Service Revenue

The Company earns data center service revenue, primarily composed of cloud services, data storage, data protection, network services, software licensing, and other related information technology services, which are recognized as services are provided to data center customers; and to a lesser extent, installation services that are recognized at a point in time upon completion of the installation and accompanying services.

Hotel Operating Income

Hotel operating income includes room revenue, food and beverage sales and other ancillary services. Revenue is recognized upon occupancy of rooms, consummation of sales and provision of services.

Fee Income

Fee income consists primarily of the following:

Base Management Fees—The Company earns base management fees for the administration of its managed private funds, and for the management of traded and non-traded REITs and other investment vehicles, including management of their investments, which constitute a series of distinct services satisfied over time. Base management fees are recognized over the life of the investment vehicle as services are provided.

Asset Management Fees—The Company receives a one-time asset management fee upon closing of each investment made by certain managed private funds. The underlying services of managing the investments of the private funds consist of a series of distinct services satisfied over time, for which asset management fees are recognized ratably over the life of each investment as services are rendered. On January 1, 2018, the Company recorded a $1.6 million increase to accumulated deficit to reflect a change in the timing of revenue recognition for asset management fees upon adoption of ASC 606, *Revenue from Contracts with Customers*.

Acquisition and Disposition Fees—Through January 31, 2018, the Company earned fees related to acquisition and disposition of investments by certain managed non-traded REITs, which were recognized upon closing of the respective acquisition or disposition of underlying investments.

Incentive Fees—The Company may earn incentive fees from its managed private funds and traded REITs. Incentive fees are determined based upon the performance of the investment vehicles subject to the achievement of minimum return hurdles in accordance with the terms set out in the respective governing agreements. Incentive fees take the form of a contractual fee arrangement with the investment vehicles, and unlike carried interests, do not represent an allocation of returns among equity holders of the investment vehicles. Incentive fees are a form of variable consideration and are recognized when it is probable that a significant reversal of the cumulative revenue will not occur, which is generally at the end of the performance measurement period of the respective investment vehicles.

Other Income

Recurring other income includes primarily the following:

Expense Recoveries from Borrowers—Expenses, primarily legal costs incurred in administering non-performing loans and foreclosed properties held by investment entities, may be subsequently recovered through payments received when these investments are resolved. The Company recognizes income when the cost recoveries are determinable and repayment is assured.

Cost Reimbursements from Affiliates—For various services provided to certain affiliates, including managed investment vehicles, the Company is entitled to receive reimbursements of expenses incurred, generally based on expenses that are directly attributable to providing those services and/or a portion of overhead costs. The Company acts in the capacity of a principal under these arrangements. Accordingly, the Company records the expenses and corresponding reimbursement income on a gross basis in the period the services are rendered and costs are incurred.

Equity Awards Granted by Managed Companies—These are equity awards granted to the Company to be granted to its employees or directly to employees of the Company by publicly-traded REITs managed by the Company, NRE, prior to its sale in September 2019, and CLNC. The initial grant is recorded as an other asset and deferred income liability on the balance sheet. The liability is amortized on a straight-line basis to other income over the initial vesting period of the award and equity-based compensation expense is recognized as the award vests to the recipient employee.

Compensation

Compensation comprises salaries, bonus including discretionary awards and contractual amounts for certain senior executives, benefits, severance payments, equity-based compensation and performance-based compensation. Bonus is accrued over the employment period to which it relates.

Carried Interest and Incentive Fee Compensation—This represents a portion of carried interest and incentive fees earned by the Company that are allocated (generally 40% to 50%) to senior management, investment professionals and certain other employees of the Company. Carried interest and incentive fee compensation are generally recorded as the related carried interest and incentive fees are recognized in earnings by the Company. Carried interest compensation amounts may be reversed if there is a decline in the cumulative carried interest amounts previously recognized by the Company. Carried interest and incentive fee compensation are generally not paid to management or other employees until the related carried interest and incentive fee amounts are distributed by the investment vehicles to the Company.

Equity-Based Compensation—Equity-classified stock awards granted to employees and non-employees that have a service condition and/or a market or performance condition are measured at fair value at date of grant and remeasured at fair value only upon a modification of the award.

A modification in the terms or conditions of an award, unless the change is non-substantive, represents an exchange of the original award for a new award. The modified award is revalued and incremental compensation cost is recognized for the excess, if any, between fair value of the award upon modification and fair value of the award immediately prior to modification. Total compensation cost recognized for a modified award, however, cannot be less than its grant date fair value, unless at the time of modification, the service or performance condition of the original award was not expected to be satisfied.

Liability-classified stock awards are remeasured at fair value at the end of each reporting period until the award is fully vested.

Compensation expense is recognized on a straight-line basis over the requisite service period of each award, with the amount of compensation expense recognized at the end of a reporting period at least equal the portion of fair value of the respective award at grant date or modification date, as applicable, that has vested through that date. For awards with a performance condition, compensation expense is recognized only if and when it becomes probable that the performance condition will be met, with a cumulative adjustment from service inception date, and conversely, compensation cost is reversed to the extent it is no longer probable that the performance condition will be met. For awards with a market condition, compensation cost is not reversed if a market condition is not met so long as the requisite service has been rendered, as a market condition does not represent a vesting condition. Compensation expense is adjusted for actual forfeitures upon occurrence.

Income Taxes

A REIT is generally not subject to corporate-level federal and state income tax on net income it distributes to its stockholders. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income to its stockholders. If the Company fails to qualify as a REIT in any taxable year and if the statutory relief provisions were not to apply, the Company would be subject to federal and state income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies as a REIT, it and its subsidiaries may be subject to certain U.S federal, state and local as well as foreign taxes on its income and property and to U.S federal income and excise taxes on its undistributed taxable income.

The Company has elected or may elect to treat certain of its existing or newly created corporate subsidiaries as taxable REIT subsidiaries (each a “TRS”). In general, a TRS may perform non-customary services for tenants of the REIT, hold assets that the REIT cannot or does not intend to hold directly and, subject to certain exceptions related to hotels and healthcare properties, may engage in any real estate or non-real estate related business. The Company uses TRS entities to conduct certain activities that cannot be conducted directly by a REIT, such as investment management, property management including hotel and healthcare operations as well as loan servicing and workout activities. A TRS is treated as a regular, taxable corporation for U.S income tax purposes and therefore, is subject to U.S federal corporate tax on its income and property. Additionally, the Company has invested in real estate assets in foreign countries for which related earnings or other measures are subject to income taxes in the respective foreign jurisdictions, and in some cases, the repatriation of earnings are subject to withholding taxes.

Deferred Income Taxes—The provision for income taxes includes current and deferred portions. The current income tax provision differs from the amount of income tax currently payable because of temporary differences in the recognition of certain income and expense items between financial reporting and income tax reporting. The Company uses the asset and liability method to provide for income taxes, which requires that the Company's income tax expense reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities for financial reporting versus income tax purposes. Accordingly, a deferred tax asset or liability for each temporary difference is determined based on enacted tax rates that the Company expects to be in effect when the underlying items of income and expense are realized and the differences reverse. A deferred tax asset is also recognized for net operating loss ("NOL") carryforwards and the income tax effect of AOCI items of the TRS and foreign taxable entities. A valuation allowance for deferred tax assets is established if the Company believes it is more likely than not that all or some portion of the deferred tax assets will not be realized. Realization of deferred tax assets is dependent on the Company's TRS and foreign taxable entities generating sufficient taxable income in future periods or employing certain tax planning strategies to realize such deferred tax assets.

Uncertain Tax Positions—Income tax benefits are recognized for uncertain tax positions that are more likely than not to be sustained based solely on their technical merits. Such uncertain tax positions are measured as the largest amount of benefit that is more likely than not to be realized upon settlement. The difference between the benefit recognized and the tax benefit claimed on a tax return results in an unrecognized tax benefit. The Company periodically evaluates whether it is more likely than not that its uncertain tax positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations.

Earnings Per Share

The Company calculates basic earnings per share ("EPS") using the two-class method which defines unvested share based payment awards that contain nonforfeitable rights to dividends as participating securities. The two-class method is an allocation formula that determines EPS for each share of common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. EPS is calculated by dividing earnings allocated to common shareholders by the weighted-average number of common shares outstanding during the period.

Diluted EPS is based on the weighted-average number of common shares and the effect of potentially dilutive common share equivalents outstanding during the period. Potentially dilutive common share equivalents include shares to be issued upon the assumed conversion of the Company's outstanding convertible notes, which are included under the if-converted method when dilutive. The earnings allocated to common shareholders is adjusted to add back the after-tax amount of interest expense associated with the convertible notes, except when doing so would be antidilutive.

Reclassifications

Reclassifications were made related to discontinued operations as discussed in *"—Discontinued Operations"* above and to prior period segment reporting presentation as discussed in Note 23. Additionally, interest receivable, which was included in other assets at December 31, 2019, has been reclassified to be presented as part of loans receivable to conform to current period presentation. These reclassification did not affect the Company's financial position, results of operations or cash flows.

Accounting Standards Adopted in 2020

Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments—Credit Losses*, followed by subsequent amendments, which modifies the credit impairment model for financial instruments, and codified as ASC Topic 326. The multiple existing incurred loss models are replaced with a lifetime current expected credit loss ("CECL") model for off-balance sheet credit exposures that are not unconditionally cancellable by the lender and financial instruments carried at amortized cost, such as loans, loan commitments, held-to-maturity ("HTM") debt securities, financial guarantees, net investment in sales-type and direct financing leases, reinsurance and trade receivables. Targeted changes are also made to the impairment model of AFS debt securities which are not within the scope of CECL.

The CECL model, in estimating expected credit losses over the life of a financial instrument at the time of origination or acquisition, considers historical loss experience, current conditions and the effects of a reasonable and supportable expectation of changes in future macroeconomic conditions. Recognition of allowance for credit losses under the CECL model will generally be accelerated as it encompasses credit losses over the full remaining expected life of the affected financial instruments. For collateralized financial assets, measurement of credit losses under CECL is based on fair value of the collateral if foreclosure is probable or if the collateral-dependent practical expedient is elected for financial assets expected to be repaid substantially through operation or sale of the collateral when the borrower is experiencing financial difficulty. The accounting model for purchased credit-impaired loans and debt securities will be simplified to be consistent with the CECL model for originated and purchased non-credit-impaired assets. For AFS debt securities, unrealized credit losses will be recognized as allowances rather than reductions in amortized cost basis and elimination of the OTTI concept will result in more frequent estimation of credit losses. ASC 326 also requires expanded disclosures on credit risk, including credit quality indicators by vintage of financing receivables.

Transitional relief is provided through the ability, upon adoption of the new standard, to elect the fair value option for eligible financial instruments within the scope of the new standard, except for HTM and AFS debt securities. Transition will generally be on a modified retrospective basis, including the election of the fair value option, with a cumulative effect adjustment to beginning retained earnings, except for prospective application of the CECL model for other than temporarily impaired debt securities and purchased credit-impaired assets.

The Company adopted the new standard on January 1, 2020. The Company elected the fair value option for all of its outstanding loans receivable, with a cumulative effect adjustment to decrease beginning accumulated deficit by $3.3 million. Under the fair value option, the loans receivable are measured at each reporting period based upon their exit values in an orderly transaction and unrealized gains or losses from changes in fair value are recorded in other gain (loss) on the consolidated statement of operations. The loans are no longer subject to evaluation for impairment through an allowance for loan loss as such losses are captured through fair value changes. Additionally, there is no longer an amortization of loan origination fees or discounts on purchased loans as additional interest income.

The Company had no debt securities with unrealized loss in AOCI at December 31, 2019 and accordingly, there was no impact upon adoption of the new standard. As it relates to the Company's other accounts receivable that are subject to CECL, the effect of adoption was immaterial.

The Company reflected the effect of adoption of CECL by its equity method investee, CLNC, through an adjustment to increase beginning accumulated deficit by approximately $8.5 million on January 1, 2020, representing the Company's share of CLNC's cumulative effect adjustment.

Fair Value Disclosures

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurements*. The ASU requires new disclosures of changes in unrealized gains and losses in other comprehensive income for recurring Level 3 fair value measurements of instruments held at balance sheet date, as well as the range and weighted average or other quantitative information, if more relevant, of significant unobservable inputs for recurring and nonrecurring Level 3 fair values. Certain previously required disclosures are eliminated, specifically around the valuation process required for Level 3 fair values, policy for timing of transfers between levels of the fair value hierarchy, as well as amounts and reason for transfers between Levels 1 and 2. Additionally, the new guidance clarifies or modifies certain existing disclosures, including clarifying that information about measurement uncertainty of Level 3 fair values should be as of reporting date and requiring disclosures of the timing of liquidity events for investments measured under the NAV practical expedient, but only if the investee has communicated this information or has announced it publicly. The provisions on new disclosures and modification to disclosure of Level 3 measurement uncertainty are to be applied prospectively, while all other provisions are to be applied retrospectively. The Company adopted ASU No. 2018-13 on January 1, 2020.

Related Party Guidance for VIEs

In November 2018, the FASB issued ASU No. 2018-17, *Targeted Improvements to Related Party Guidance for Variable Interest Entities*. The ASU amends the VIE guidance to align, throughout the VIE model, the evaluation of a decision maker's or service provider's fee held by a related party, whether or not they are under common control, in both the assessment of whether a fee qualifies as a variable interest and the determination of a primary beneficiary. Specifically, a decision maker or service provider considers interests in a VIE held by a related party under common control only if it has a direct interest in that related party under common control and considers such indirect interest in the

VIE held by the related party under common control on a proportionate basis, rather than in its entirety. Transition is generally on a modified retrospective basis, with the cumulative effect adjusted to retained earnings at the beginning of the earliest period presented. The Company adopted ASU No. 2018-17 on January 1, 2020, with no transitional impact upon adoption.

Reference Rate Reform

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The guidance in Topic 848 is optional, the election of which provides temporary relief for the accounting effects on contracts, hedging relationships and other transactions affected by the transition from interbank offered rates (such as the London Interbank Offered Rate ("LIBOR")) that are expected to be discontinued by the end of 2021 to alternative reference rates (such as the Secured Overnight Financing Rate ("SOFR")). Modification of contractual terms to effect the reference rate reform transition on debt, leases, derivatives and other contracts is eligible for relief from modification accounting and accounted for as a continuation of the existing contract. Topic 848 is effective upon issuance through December 31, 2022, and may be applied retrospectively to January 1, 2020. The Company has elected to apply the hedge accounting expedients related to probability and assessment of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives, which preserves existing derivative treatment and presentation. The Company may elect other practical expedients or exceptions as applicable over time as reference rate reform activities occur.

Future Application of Accounting Standards

Income Tax Accounting

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying Accounting for Income Taxes*. The ASU simplifies accounting for income taxes by eliminating certain exceptions to the general approach in ASC 740, *Income Taxes,* and clarifies certain aspects of the guidance for more consistent application. The simplifications relate to intraperiod tax allocations when there is a loss in continuing operations and a gain outside of continuing operations, accounting for tax law or tax rate changes and year-to-date losses in interim periods, recognition of deferred tax liability for outside basis difference when investment ownership changes, and accounting for franchise taxes that are partially based on income. The ASU also provides new guidance that clarifies the accounting for transactions resulting in a step-up in tax basis of goodwill, among other changes. Transition is generally prospective, other than the provision related to outside basis difference which is on a modified retrospective basis with cumulative effect adjusted to retained earnings at the beginning of the period adopted, and franchise tax provision which is on either full or modified retrospective. ASU No. 2019-12 is effective January 1, 2021, with early adoption permitted in an interim period, to be applied to all provisions. The Company is currently evaluating the impact of this new guidance.

Accounting for Certain Equity Investments

In January 2020, the FASB issued ASU No. 2020-01, *Clarifying the Interactions between Topic 321 Investments—Equity Securities, Topic 323—Investments Equity Method and Joint Ventures, and Topic 815—Derivatives and Hedging*. The ASU clarifies that if as a result of an observable transaction, an equity investment under the measurement alternative is transitioned into equity method and vice versa, an equity method investment is transitioned into measurement alternative, the investment is to be remeasured immediately before and after the transaction, respectively. The ASU also clarifies that certain forward contracts or purchased options to acquire equity securities that are not deemed to be derivatives or in-substance common stock will generally be measured using the fair value principles of ASC 321 before settlement or exercise, and that an entity should not be considering how it will account for the resulting investments upon eventual settlement or exercise. ASU No. 2020-01 is to be applied prospectively, effective January 1, 2021, with early adoption permitted in an interim period. The Company is currently evaluating the impact of this new guidance.

Accounting for Convertible Instruments and Contracts on Entity's Own Equity

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The ASU (1) simplifies an issuer's accounting for convertible instruments as a single unit of account; (2) allows more contracts on an entity's own equity to qualify for equity classification and more embedded derivatives meeting the derivative scope exception; and (3) simplifies diluted EPS computation.

- The guidance eliminates the requirement to separate embedded conversion features in convertible instruments, except for (1) a convertible instrument that contains features requiring bifurcation as a derivative under ASC 815 or (2) a convertible debt instrument that was issued at a substantial premium. Separate accounting for embedded conversion features as an equity component under the cash conversion and beneficial conversion models has been eliminated.

- Under the new guidance, certain conditions under Subtopic ASC 815-40 that may result in contracts being settled in cash rather than shares and therefore preclude (1) equity classification for contracts on an entity's own equity; and (2) embedded derivatives from qualifying for the derivative scope exception, have been removed; for example, the requirement that equity contracts permit settlement in unregistered shares unless such contracts explicitly require settlement in cash if registered shares are unavailable. The guidance also clarifies that freestanding contracts on an entity's own equity that do not qualify for equity classification under the indexation criteria (ASC 815-40-15) or settlement criteria (ASC 815-40-25) are to be measured at fair value through earnings, even if they do not meet the definition of a derivative under ASC 815.
- The ASU also amends certain guidance on computation of diluted EPS for convertible instruments and contracts on an entity's own equity that results in a more dilutive EPS, including (1) requiring the if converted method to be applied for all convertible instruments (the treasury stock method is no longer available), and (2) removing the ability to rebut the presumption of share settlement for contracts that may be settled in cash or stock and that are not liability classified share based payments.
- Expanded disclosures are required, including but not limited to, (1) terms and features of convertible instruments and contracts on entity's own equity; and (2) information about events, conditions, and circumstances that could affect amount or timing of future cash flows related to these instruments or contracts; and in the period of adoption (3) nature of and reason for the change in accounting principle; and (4) effects of the change on EPS.

Upon adoption, a one-time election may be made to apply the fair value option for any liability-classified convertible securities.

Adoption of the new standard may be made either on a full retrospective approach or a modified retrospective approach, with cumulative effect adjustment recorded to beginning retained earnings. ASU No. 2020-06 is effective January 1, 2022, with early adoption permitted on January 1, 2021. The Company is currently evaluating the effects of this new guidance.

3. Acquisitions

Business Combinations

DBH

On July 25, 2019, the Company acquired DBH in a combination of: (a) cash, a portion of which was deferred until the expiration of certain customary seller indemnification obligations and was paid in full in May 2020 (Note 20); and (b) issuance of 21,478,515 OP Units, which were measured based upon the closing price of the Company's class A common stock on July 24, 2019 of $5.21 per share.

The Company acquired the fee streams but not the equity interests related to the six portfolio companies managed by DBH. The principals of DBH retained their equity investments, including general partner interests in existing DBH investment vehicles and in Digital Colony Partners fund ("DCP"), which was previously co-sponsored by the Company and DBH.

The Company's acquisition of DBH included the remaining 50% equity interest held by DBH in Digital Colony Management, LLC ("DCM"), previously an equity method joint venture with DBH, which manages DCP. Upon closing of the acquisition, the Company obtained a controlling interest in DCM and remeasured its existing 50% interest at a fair value of $51.4 million. The full amount, representing the excess of fair value over carrying value of the Company's investment in DCM, was recognized in other gain on the Company's statement of operations, as the Company's carrying value of its investment in DCM prior to the business combination was nil. The fair value was based upon the value of 50% of estimated future net cash flows from the DCP fund management contract, discounted at 8%.

DataBank Colocation Data Centers

On December 20, 2019, the Company acquired from third party investors a 20% interest in DataBank, which operates edge colocation data centers in nine U.S. markets, owning eight properties, with leasehold interests in 12 properties. DataBank is a portfolio company managed by DBH and invested in by the principals and senior professionals of DBH. The Company is deemed to have a controlling interest in DataBank as control over the operations of DataBank resides substantially with the Company. Consideration included the payment of cash to third parties for the Company's interests in DataBank and the issuance of 612,072 OP Units to the DBH principals, Marc Ganzi, the Company's CEO and President, and Ben Jenkins, now the chief investment officer of the Company's digital real estate platform, for incentive units owned by the DBH principals and allocable to the Company's acquired interests, measured based upon the closing price of the Company's class A common stock on December 20, 2019 of $4.84 per share. The OP Units were issued to the DBH principals who had previously received incentive units from DataBank, in exchange for certain of their incentive units such that the Company will not be subject to future carried interest payments to the DBH principals with respect to the Company's investment in DataBank (Note 20). The DBH principals otherwise retained their equity interests in DataBank.

Asset Acquisitions

Vantage SDC Hyperscale Data Centers

In July 2020 and following an additional investment in October 2020, the Company, alongside fee bearing third party capital, invested $1.36 billion for approximately 90% equity interest ($1.2 billion or approximately 80% upon initial acquisition in July 2020) in entities that hold Vantage Data Centers' ("Vantage") portfolio of 12 stabilized hyperscale data centers in North America and $2.0 billion of secured indebtedness ("Vantage SDC"). The remaining equity interest in Vantage SDC is held by the existing investors of Vantage, and together with the third party capital raised by the Company, represent noncontrolling interests. The Company's balance sheet investment is $197 million or 13% equity interest in Vantage SDC (approximately 12% upon initial acquisition in July 2020). Vantage SDC is a carve-out from Vantage's data center business, with the acquisition excluding Vantage's remaining portfolio of development-stage data centers and its employees, all of whom were retained by Vantage. The day-to-day operations of Vantage SDC continues to be managed by Vantage's existing management company in exchange for management fees, and subject to certain approval rights held by the Company and the co-investors in connection with material actions. Additionally, the Company and its co-investors have committed to acquire the future build-out of expansion capacity within the Vantage SDC portfolio, including lease up of the expanded capacity and existing inventory, the costs of which will be borne by the existing owners of Vantage SDC, for estimated payments of approximately $240 million. It is anticipated that all, if not most, of the payments will be funded by Vantage SDC from borrowings under its credit facilities and/or cash from operations.

zColo Colocation Data Centers

In December 2020, the Company's DataBank subsidiary acquired zColo, the colocation assets of Zayo Group Holdings, Inc. ("Zayo"), composed of 39 data centers in the U.S. and U.K., for approximately $1.2 billion through a combination of debt and equity financing, including $0.5 billion of third party co-invest capital raised by the Company. The Company's balance sheet investment was $188 million (decreased to approximately $145 million upon raising of additional third party capital in February 2021, which maintains the Company's 20% equity interest in DataBank). Acquisition of zColo's remaining five data centers in France for $33.0 million closed in February 2021, and had been separately funded into escrow concurrent with the December closing. Zayo will continue to be an anchor tenant within the zColo facilities and will become a significant customer of DataBank.

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Allocation of Consideration Transferred

The following table summarizes the consideration and allocation to assets acquired, liabilities assumed and noncontrolling interests at acquisition. Consideration for asset acquisitions incorporates capitalized transaction costs, which includes incentive payments to employees for successful closing of the acquisitions.

	Business Combinations in 2019		Asset Acquisitions in 2020	
(In thousands)	DBH	DataBank [(1)]	Vantage SDC	zColo
Consideration				
Cash	$ 181,167	$ 182,731	$ 1,524,610	$ 1,181,488
Deferred consideration	35,500	—	—	—
OP Units issued	111,903	2,962	—	—
Total consideration for equity interest acquired	328,570	185,693	1,524,610	1,181,488
Fair value of equity interest in Digital Colony Manager	51,400	—	—	—
	$ 379,970	$ 185,693	$ 1,524,610	$ 1,181,488
Assets acquired, liabilities assumed and noncontrolling interests				
Cash	$ —	$ 10,366	$ —	$ 266
Real estate	—	839,053	2,720,870	882,327
Assets held for disposition	—	29,266	—	—
Intangible assets	153,300	219,651	765,137	303,119
ROU lease and other assets	13,008	108,896	181,260	415,038
Debt	—	(539,155)	(2,060,307)	—
Tax liabilities	(17,392)	(100,759)	—	—
Intangible, lease and other liabilities	(16,194)	(120,178)	(82,350)	(419,262)
Fair value of net assets acquired	132,722	447,140	1,524,610	1,181,488
Noncontrolling interests in investment entities	—	(724,567)	—	—
Goodwill	$ 247,248	$ 463,120	$ —	$ —

[(1)] In 2020, adjustments were made to the purchase price allocation of DataBank during its one year measurement period based upon information obtained about facts and circumstances that existed at the time of closing. This includes an $8.8 million decrease to deferred tax liabilities in the fourth quarter of 2020 based upon the final 2019 tax provision for DataBank.

- Real estate was valued based upon (i) current replacement cost for buildings in an as-vacant state and improvements, estimated using construction cost guidelines; (ii) current replacement cost for data center infrastructure by applying an estimated cost per kilowatt based upon current capacity of each location and also considering the associated indirect costs such as design, engineering, construction and installation; (iii) recent comparable sales or current listings for land; and (iv) contracted price net of selling cost for real estate held for sale. Useful lives of real estate acquired ranges from 25 to 50 years for buildings and improvements, 5 to 21 years for site improvements, 10 to 19 years for data center infrastructure, and 1 to 5 years for furniture, fixtures and equipment.
- The investment management intangible assets of DBH were composed of the following:
  - Management contracts are valued based upon estimated net cash flows generated from the contracts, including the Company's 50% interest in Digital Colony Manager, discounted at 8%, with remaining term of the contracts ranging between 3 and 10 years.
  - Investor relationships—represent the fair value of potential investment management fees, net of operating costs, to be generated from repeat DBH investors in future sponsored vehicles, discounted at 11.5%, and potential carried interest discounted at 25%, with estimated useful life of 10 years.
- Lease related intangibles for real estate acquisitions were composed of the following:
  - In-place leases reflect the value of rental income forgone if the properties were acquired vacant, and the leasing commissions, legal and marketing costs that would have been incurred to lease up the properties, with remaining lease terms ranging between 1 and 15 years.

- Above- and below-market leases represent the rent differential for the remaining lease term between contractual rents of acquired leases and market rents at the time of acquisition, discounted at rates between 6% and 8%, with remaining lease terms ranging between 1 and 15 years.
- Tenant relationships represent the estimated net cash flows attributable to the likelihood of lease renewal by an existing tenant relative to the cost of obtaining a new lease, taking into consideration the time it would require to execute a new lease or backfill a vacant space, discounted at rates between 6% and 8%, with estimated useful lives between 5 and 15 years.

- Other intangible assets acquired were as follows:
  - Customer service contracts are valued based upon estimated net cash flows generated from the DataBank and zColo customer service contracts that would have been forgone if such contracts were not in place, taking into consideration the time it would require to execute a new contract, with remaining term of the contracts ranging between 1 and 15 years.
  - Customer relationships are valued as the incremental net cash flows to the DataBank and zColo businesses that is attributable to the in-place customer relationships, discounted at either 9.5% or 10%, with estimated useful lives of 12 years.
  - Trade names of Digital Bridge, DataBank and zColo are valued based upon estimated savings from avoided royalty at a royalty rate of either 1% or 2%, discounted at rates between 9.5% and 11.5%, with useful lives between 1 and 10 years.
  - Assembled workforce is valued based upon the estimated cost of recruiting and training new data center level employees for zColo, with a 3 year useful life.
- Other assets acquired and liabilities assumed include primarily ROU lease assets associated with leasehold data centers and DBH corporate offices, corresponding lease liabilities, and deferred revenues. Lease liabilities are measured based upon the present value of future lease payments over the lease term, discounted at the incremental borrowing rate of the respective acquirees. Deferred tax liabilities recognized upon acquisition represent the tax effect on book-to-tax basis difference, associated with DataBank real estate assets and DBH management contract intangibles.
- Assumed debt were valued based upon market rates and spreads that prevailed at the time of acquisition for debt with similar terms and remaining maturities.
- Noncontrolling interests in investment entities were valued based upon their proportionate share of the respective net assets at fair value.
- In a business combination, the excess of the fair value of consideration transferred over the fair value of identifiable assets acquired, liabilities assumed and noncontrolling interests, is recorded as goodwill. The DBH and DataBank goodwill are each assigned to the Digital IM and Digital Operating segments, respectively. The DBH acquisition is a strategic transaction that is expected to generate meaningful accretion in value to the Company through expansion of the digital investment management platform by combining the industry sector knowledge, experience and relationships from the DBH team with the capital raising resources of the Company, as represented by the value of the DBH goodwill. The DataBank goodwill represents the value embodied in the potential for future customers, revenue and profit growth in the colocation business, and industry knowledge, experience and relationships contributed by the DataBank management team. In an asset acquisition, the cost of the assets acquired and liabilities assumed is allocated based upon their relative fair value and does not give rise to goodwill.

Other Real Estate Asset Acquisitions

The following table summarizes the Company's other real estate asset acquisitions in addition to those discussed above:

($ in thousands)				Purchase Price Allocation (1)					
Acquisition Date	Property Type and Location	Number of Properties	Purchase Price (1)	Land	Buildings and Improvements	Lease-Related Intangible Assets	ROU Lease and Other Assets	Debt	Intangible, Lease and Other Liabilities
2020 (2)									
Various	Hotel—France (3)	9	$ 37,916	$ 5,243	$ 34,038	$ —	$ 43,503	$ (2,245)	$ (42,623)
Various	Easements—Various in U.S. (4)	—	2,586	2,586	—	—	—	—	—
October	Office—U.K. and Ireland (5)	5	32,975	57,222	67,113	5,383	33,054	(124,981)	(4,816)
December	Land—U.S	—	5,116	5,116	—	—	—	—	—
			$ 78,593	$ 70,167	$ 101,151	$ 5,383	$ 76,557	$ (127,226)	$ (47,439)
2019									
February	Bulk industrial—Various in U.S. (6)	6	$ 373,182	$ 49,446	$ 296,348	$ 27,553	$ —	$ —	$ (165)
October	Wellness infrastructure—U.K. (7)	1	12,376	3,478	9,986	732	—	—	(1,820)
Various	Light industrial—Various in U.S. (6)	84	1,158,423	264,816	850,550	47,945	—	—	(4,888)
			$ 1,543,981	$ 317,740	$ 1,156,884	$ 76,230	$ —	$ —	$ (6,873)

(1) Purchase price includes capitalized transaction costs. Dollar amounts of purchase price and allocation to assets acquired and liabilities assumed are translated using foreign exchange rates as of the respective dates of acquisition, where applicable.

(2) Useful lives are 40 years for buildings, 12 to 15 years for site improvements, 7 years for furniture, fixtures, and equipment, 9 to 11 years for lease related intangibles, and 5 to 44 years for ROU lease assets.

(3) Bids for hotels under receivership were accepted by the French courts in prior years, with the transactions closing in 2020. Amounts include acquisition of hotel operations pursuant to operating leases on real estate owned by third parties.

(4) Transferred to the Company's new sponsored fund, Digital Colony Partners II, LP or DCP II, in December 2020.

(5) The Company acquired a controlling equity interest in a borrower upon default of its ADC loan, which was previously accounted for as an equity method investment. This resulted in the acquisition of the borrower's real estate assets and assumption of its underlying mortgage debt, some of which are in default.

(6) The light and bulk industrial portfolios were sold in December 2019 and 2020, respectively.

(7) Wellness infrastructure properties in the United Kingdom (U.K.) were acquired pursuant to a purchase option under the Company's development facility to a healthcare operator at a purchase price equivalent to the respective outstanding loan balance.

4. Real Estate

The following table summarizes the Company's real estate held for investment. Real estate held for disposition is presented in Note 8.

(In thousands)	December 31, 2020	December 31, 2019
Land	$ 834,918	$ 716,340
Buildings and improvements	4,907,213	5,068,639
Tenant improvements	115,592	105,440
Data center infrastructure	3,396,854	595,603
Furniture, fixtures and equipment	87,380	98,839
Construction in progress	84,384	115,933
	9,426,341	6,700,794
Less: Accumulated depreciation	(698,421)	(482,598)
Real estate assets, net (1)	$ 8,727,920	$ 6,218,196

(1) For real estate acquired in a business combination, the purchase price allocation may be subject to adjustments during the measurement period, not to exceed 12 months from date of acquisition, based upon new information obtained about facts and circumstances that existed at time of acquisition (Note 3).

Real Estate Sales

Results from sales of real estate, including discontinued operations (Note 16), are as follows:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Proceeds from sales of real estate	$ 431,198	$ 6,108,153	$ 864,347
Gain on sale of real estate	41,922	1,520,808	167,231

Depreciation and Impairment

The following table summarizes real estate depreciation and impairment.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Depreciation of real estate held for investment	$ 276,104	$ 177,585	$ 185,606
Impairment of real estate and related asset group [(1)]			
Held for disposition	179,666	120,329	77,211
Held for investment [(2)]	1,777,698	227,510	280,418

[(1)] Includes impairment of real estate intangibles of $9.6 million, $0.9 million and $12.7 million in 2020, 2019 and 2018, respectively, and impairment of ROU on ground leases of $15.1 million in 2020.

[(2)] Includes impairment recorded on properties in the Hospitality segment and THL Hotel Portfolio in the Other segment prior to their reclassification as held for sale and discontinued operations.

Impairment of Real Estate Held for Disposition

Real estate held for disposition is carried at the lower of amortized cost or fair value. Real estate that has been written down and carried at fair value totaled $1.6 billion at December 31, 2020 (including properties in the THL Hotel Portfolio that were impaired upon classification as held for sale and discontinued operations) and $253.4 million at December 31, 2019, generally representing Level 3 fair values.

Real estate held for disposition that was written down was generally valued using either broker opinions of value, or a combination of market information, including third-party appraisals and indicative sale prices, adjusted as deemed appropriate by management to account for the inherent risk associated with specific properties. In all cases, fair value of real estate held for disposition is reduced for estimated selling costs ranging from 1% to 3%.

In 2020, the Company also considered the impact of a global economic downturn as a result of COVID-19, specifically as it affects real estate values, and where appropriate, factored in a reduction in potential sales prices, which resulted in additional impairment on real estate held for disposition in 2020.

Impairment of Real Estate Held for Investment

Real estate held for investment that was written down to fair value in 2020 and 2019 had carrying values totaling $3.2 billion (including properties in the Hospitality segment as they were impaired prior to their reclassification as held for sale and discontinued operations) and $355.0 million, respectively, at the time of impairment, representing Level 3 fair values.

Impairment was driven predominantly by shortened hold period assumptions, particularly in the hotel and wellness infrastructure portfolios, and, in each case, such determination was made in connection with the review and preparation of the financial statements. The shortened hold period assumption is attributable to both the Company's accelerated digital transformation, and the risk that the Company is unable to obtain accommodation from lenders on non-recourse mortgage debt that is in default or were at risk of default. The Company's assessment considered various strategic and financial alternatives to maximize the value of its non-digital real estate assets, while also balancing the need to preserve liquidity and prioritize the growth of its digital business. A shortened hold period was an indicator of impairment as it decreased the amount of carrying value recoverable from future cash flows, which was further exacerbated by a decline in property operating performance and market values as a result of the economic effects of COVID-19.

The Company compared the carrying values to the undiscounted future net cash flows expected to be generated by these properties over their hold periods. In performing this analysis, the Company considered the likelihood of possible outcomes under various hold period scenarios by applying a probability-weighted approach to different hold periods. For hotel properties, the Company applied a range of reductions to near term cash flow projections to account for uncertainties due to COVID-19. For properties for which undiscounted expected net cash flows over their respective hold periods fell short of carrying values, the Company expects that the carrying value of these properties would likely not be recoverable.

Fair values were estimated for these properties based upon one or a combination of the following: (i) third party appraisals, (ii) broker opinions of value with discounts applied based upon management judgment, (iii) income capitalization approach, using net operating income for each property and applying capitalization rates between 10.0% and 12.0%; or (iv) discounted cash flow analyses with terminal values determined using terminal capitalization rates between 7.3% and 11.3%, and discount rates between 8.5% and 9.5%. The Company considered the risk characteristics of each property in determining capitalization rates and where applicable, used higher capitalization rates or discount rates to reflect the inherent stress on real estate values in a deteriorating economic environment. Impairment was measured as the excess of carrying value over fair value for each of these properties.

The Company believes that it has materially addressed overall recoverability in the value of its non-digital real estate assets, applying the Company's best estimates and assumptions at this time based upon external factors known to date and the Company's expected digital transformation timeline. If the extent and duration of the economic effects of COVID-19 negatively affect the Company's real estate operations and its ability to meet its non-recourse mortgage debt obligations beyond the Company's current projections, the estimates and assumptions currently applied by the Company may change, which may lead to further impairment of its non-digital real estate assets, in particular, its wellness infrastructure assets, that could be material in the future.

Property Operating Income

Property operating income presented below excludes amounts related to discontinued operations (Note 16).

For the year ended December 31, 2018, property operating income was composed of $0.8 billion of lease income and $10.6 million of hotel operating income.

For the years ended December 31, 2020 and 2019, components of property operating income are as follows:

	Year Ended December 31,	
(In thousands)	2020	2019
Lease income:		
Fixed lease income	$ 768,914	$ 657,407
Variable lease income	113,680	57,575
	882,594	714,982
Hotel operating income	8,688	16,344
Data center service revenue	44,878	6,038
	$ 936,160	$ 737,364

Lease Concessions Related to COVID-19

As a result of the COVID-19 crisis, a number of tenants failed to make rent payments or make timely payments, and some sought more flexible payment terms or rent concessions. Local governments in certain jurisdictions have implemented or are considering implementing programs that permit or require forbearance of rent payments by tenants affected by COVID-19. The Company is currently engaged with affected tenants on a case-by-case basis to evaluate and respond to the current environment.

For lease concessions resulting directly from the impact of COVID-19 that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee, for example, where total payments required by the modified contract will be substantially the same as or less than the original contract, the Company made a policy election to account for the concessions as though the enforceable rights and obligations for those concessions existed in the lease contracts, under a relief provided by the FASB. Under the relief, the concessions will not be treated as lease modifications that are accounted for over the remaining term of the respective leases, as the Company believes this would not accurately reflect the temporary economic effect of the concessions. Instead, (i) rent deferrals that meet the criteria will be treated as if no changes were made to the lease contract, with continued recognition of lease income and receivable under the original terms of the contract; and (ii) rent forgiveness that meets the criteria will be accounted for as variable lease payments in the affected periods.

The Company has agreed to provide the affected tenants primarily with a deferral of full or partial rent for two to three months, generally with deferred rent to be repaid in monthly installments over periods of three to 20 months. This resulted in an increase in receivables totaling $0.2 million as of December 31, 2020. All lease income receivable, including straight-line rents, are subject to the Company's policy for evaluation of collectability based upon creditworthiness of the lessee. In certain instances, the Company has also agreed to rent forgiveness, totaling approximately $0.7 million for 2020.

Future Fixed Lease Income

At December 31, 2020, future fixed lease payments receivable under noncancelable operating leases for real estate held for investment were as follows. These operating leases have expiration dates through 2039, taking into consideration renewal options exercisable at the lessee's election only when they are deemed reasonably certain, typically at the time the option is exercised.

Year Ending December 31,		(In thousands)
2021	$	805,863
2022		611,627
2023		517,852
2024		436,674
2025		397,486
2026 and thereafter		2,268,671
Total [1]	$	5,038,173

[1] Excludes future fixed lease payments in connection with resident fee income as the related lease agreements are generally cancelable by residents with 30 days' notice.

5. Loans Receivable

Effective January 1, 2020, the Company elected the fair value option for all of its outstanding loans receivable under a transitional relief upon adoption of ASC 326. The previous distinction of purchased credit-impaired ("PCI") loans and troubled debt restructurings ("TDR") are not applicable under fair value accounting. Refer to Note 12 for additional disclosures on loans receivable carried at fair value under the fair value option.

Loans receivable carried at fair value at December 31, 2020 are as follows:

	December 31, 2020					
($ in thousands)		Unpaid Principal Balance		Fair Value	Weighted Average Coupon	Weighted Average Maturity in Years
Fixed rate						
Mortgage loans	$	1,691,165	$	680,431	7.7 %	0.7
Mezzanine loans		595,890		329,922	10.9 %	1.1
Non-mortgage loans		129,738		111,737	13.2 %	4.2
		2,416,793		1,122,090		
Variable rate						
Mortgage loans		130,692		141,520	2.6 %	—
Mezzanine loans		31,395		31,727	8.5 %	4.9
		162,087		173,247		
Loans receivable	$	2,578,880	$	1,295,337		

Loans receivable carried at amortized cost at December 31, 2019 were as follows:

	December 31, 2019			
($ in thousands)	Unpaid Principal Balance	Amortized Cost	Weighted Average Coupon	Weighted Average Maturity in Years
Non-PCI Loans				
Fixed rate				
Mortgage loans	$ 471,472	$ 492,709	10.7 %	1.6
Mezzanine loans	495,182	494,238	12.6 %	0.6
Non-mortgage loans	149,380	148,623	12.9 %	5.4
	1,116,034	1,135,570		
Variable rate				
Mortgage loans	171,848	172,269	4.1 %	0.3
Mezzanine loans	44,887	44,637	12.7 %	1.6
	216,735	216,906		
	1,332,769	1,352,476		
PCI Loans				
Mortgage loans	1,165,804	248,535		
Allowance for loan losses		(48,187)		
		1,552,824		
Interest receivable		13,504		
Loans receivable	$ 2,498,573	$ 1,566,328		

Past Due and Nonaccrual Loans

Loans that are 90 days or more past due as to principal or interest, or where reasonable doubt exists as to timely collection, are generally considered nonperforming and placed on nonaccrual status.

The following table presents the fair value and unpaid principal balance by aging of loans held for investment at December 31, 2020 for which the fair value option was elected. A large majority of mortgage loans is composed of distressed loan portfolios that had been previously acquired by the Company at a discount (classified as PCI loans prior to the election of fair value option).

	December 31, 2020		
(In thousands)	Fair Value	Unpaid Principal Balance	Fair Value less Unpaid Principal Balance
Loans receivable—fair value option			
Current or less than 30 days past due	$ 422,132	$ 419,342	$ 2,790
30-59 days past due	—	—	—
60-89 days past due	—	—	—
90 days or more past due or nonaccrual	873,205	2,159,538	(1,286,333)
	$ 1,295,337	$ 2,578,880	$ (1,283,543)

The following table provides an aging summary of non-PCI loans at carrying values before allowance for loan losses and interest receivable at December 31, 2019:

(In thousands)	December 31, 2019
Non-PCI loans at carrying values before allowance for loan losses	
Current or less than 30 days past due	$ 1,042,260
30-59 days past due	—
60-89 days past due	—
90 days or more past due or nonaccrual	310,216
	$ 1,352,476

For the Years Ended December 31, 2019 and 2018 and as of December 31, 2019

Troubled Debt Restructuring

During the years ended December 31, 2019 and 2018, there were no loans modified in a troubled debt restructuring ("TDR"), in which the Company provided borrowers, who are experiencing financial difficulties, with concessions in interest rates, payment terms or default waivers.

At December 31, 2019, the Company had one existing TDR loan that was in maturity default with a zero carrying value after a full allowance for loan loss of $37.8 million. The Company had no additional lending commitment on the TDR loan.

Non-PCI Impaired Loans

Non-PCI loans, excluding loans carried at fair value, are identified as impaired when it is no longer probable that interest or principal will be collected according to the contractual terms of the original loan agreement. Non-PCI impaired loans include predominantly loans under nonaccrual, performing and nonperforming TDRs, as well as loans in maturity default.

The following table summarizes the non-PCI impaired loans at December 31, 2019:

		Gross Carrying Value before Interest Receivable			
(In thousands)	Unpaid Principal Balance	With Allowance for Loan Losses	Without Allowance for Loan Losses	Total	Allowance for Loan Losses
December 31, 2019	$ 326,151	$ 71,754	$ 259,011	$ 330,765	$ 48,146

The average carrying value and interest income recognized on non-PCI impaired loans for 2019 and 2018 were as follows.

	Year Ended December 31,	
(In thousands)	2019	2018
Average carrying value before allowance for loan losses and interest receivable	$ 305,293	$ 282,325
Total interest income recognized during the period impaired	7,514	7,127
Cash basis interest income recognized	447	1,190

Purchased Credit-Impaired Loans

PCI loans are acquired loans with evidence of credit quality deterioration for which it is probable at acquisition that the Company will collect less than the contractually required payments. PCI loans are recorded at the initial investment in the loans and accreted to the estimated cash flows expected to be collected as measured at acquisition date. The excess of cash flows expected to be collected, measured as of acquisition date, over the estimated fair value represents the accretable yield and is recognized in interest income over the remaining life of the loan. The difference between contractually required payments as of the acquisition date and the cash flows expected to be collected, which represents the nonaccretable difference, is not recognized as an adjustment of yield, loss accrual or valuation allowance.

There were no additional PCI loans acquired in 2019 and 2018.

Changes in accretable yield of PCI loans for 2019 and 2018 were as follows:

	Year Ended December 31,	
(In thousands)	2019	2018
Beginning accretable yield	$ 9,620	$ 42,435
Dispositions	—	(5,484)
Changes in accretable yield	43,246	1,882
Accretion recognized in earnings	(19,637)	(27,911)
Deconsolidation	—	(991)
Effect of changes in foreign exchange rates	332	(311)
Ending accretable yield	$ 33,561	$ 9,620

At December 31, 2019, there were no PCI loans on the cash basis or cost recovery method for recognition of interest income.

Allowance for Loan Losses

Allowance for loan losses and related carrying values before interest receivable of loans held for investment at December 31, 2019 were as follows:

	December 31, 2019	
(In thousands)	Allowance for Loan Losses	Carrying Value
Non-PCI loans	$ 48,146	$ 71,754
PCI loans	41	17,935
	$ 48,187	$ 89,689

Changes in allowance for loan losses for 2019 and 2018 are presented below.

	Year Ended December 31,	
(In thousands)	2019	2018
Allowance for loan losses at January 1	$ 32,940	$ 52,709
Contribution to CLNC	—	(518)
Deconsolidation	—	(5,983)
Provision for loan losses, net	35,880	43,034
Charge-off	(20,633)	(56,302)
Allowance for loan losses at December 31	$ 48,187	$ 32,940

Provision for loan losses by loan type was as follows:

	Year Ended December 31,	
(In thousands)	2019	2018
Non-PCI loans	$ 30,035	$ 22,557
PCI loans	5,845	20,477
Total provision for loan losses, net	$ 35,880	$ 43,034

Lending Commitments

The Company has lending commitments to borrowers pursuant to certain loan agreements in which the borrower may submit a request for funding contingent on achieving certain criteria, which must be approved by the Company as lender, such as leasing, performance of capital expenditures and construction in progress with an approved budget. At December 31, 2020, total unfunded lending commitments was $158.7 million, of which the Company's share was $34.9 million, net of amounts attributable to noncontrolling interests.

6. Equity and Debt Investments

The Company's equity investments and debt securities are represented by the following:

(In thousands)	December 31, 2020	December 31, 2019
Equity Investments		
Equity method investments		
Investment ventures	$ 1,237,371	$ 1,845,129
Private funds	216,871	142,386
	1,454,242	1,987,515
Other equity investments		
Marketable equity securities	218,485	138,586
Investment ventures	—	91,472
Private funds and non-traded REIT	36,176	38,641
Total equity investments	1,708,903	2,256,214
Debt Securities		
N-Star CDO bonds, available for sale	28,576	54,859
CMBS of consolidated fund, at fair value	—	2,732
Total debt securities	28,576	57,591
Equity and debt investments	$ 1,737,479	$ 2,313,805

Equity Investments

The Company's equity investments represent noncontrolling equity interests in various entities, including investments for which the Company has elected the fair value option.

Equity Method Investments

The Company owns a significant interest in Colony Credit Real Estate, Inc. (NYSE: CLNC), a publicly-traded REIT that it manages. The Company accounts for its investment under the equity method as it exercises significant influence over operating and financial policies of CLNC through a combination of its ownership interest, its role as the external manager and board representation, but does not control CLNC. The Company also owns equity method investments that are structured as joint ventures with one or more private funds or other investment vehicles managed by the Company, or with third party joint venture partners. These investment ventures are generally capitalized through equity contributions from the members and/or leveraged through various financing arrangements. The Company elected the fair value option to account for its interests in certain investment ventures and limited partnership interests in third party private equity funds (Note 12).

The liabilities of the equity method investment entities may only be settled using the assets of these entities and there is no recourse to the general credit of either the Company or the other investors for the obligations of these investment entities. Neither the Company nor the other investors are required to provide financial or other support in excess of their capital commitments. The Company's exposure to the investment entities is limited to its equity method investment balance.

The Company’s investments accounted for under the equity method are summarized below:

($ in thousands)		Carrying Value at	
Investments [1]	Description	December 31, 2020	December 31, 2019
Colony Credit Real Estate, Inc.[2]	Common equity in publicly traded commercial real estate credit REIT managed by the Company and membership units in its operating subsidiary (36.4% ownership)	$ 385,193	$ 725,443
RXR Realty, LLC	Common equity in investment venture with a real estate investor, developer and investment manager (sold in February 2020)	—	93,390
Preferred equity	Preferred equity investments with underlying real estate	68	138,428
ADC investments	Investments in acquisition, development and construction loans in which the Company participates in residual profits from the projects, and the risk and rewards of the arrangements are more similar to those associated with investments in joint ventures	491,009	543,296
Private funds	General partner and/or limited partner interests in private funds (excluding carried interest allocation)	214,399	115,055
Private funds—carried interest	Disproportionate allocation of returns to the Company as general partner or equivalent based on the extent to which cumulative performance of the fund exceeds minimum return hurdles	—	21,940
Other investment ventures	Interests in 10 investments at December 31, 2020	181,774	127,088
Fair value option	Interests in initial stage ventures, real estate development, hotel co-investments, and limited partnership interests in private equity funds	181,799	222,875
		$ 1,454,242	$ 1,987,515

(1) Each equity method investment has been determined to be either a VIE for which the Company was not deemed to be the primary beneficiary or a voting interest entity in which the Company does not have the power to control through a majority of voting interest or through other arrangements.

(2) CLNC is governed by its board of directors. The Company's role as manager is under the supervision and direction of CLNC's board of directors, which includes representatives from the Company but the majority of whom are independent directors.

Significant Sales of Equity Method Investments

In February 2020, the Company sold its equity investment in RXR Realty, LLC for net proceeds after taxes of $179.1 million, recording a gain of $106.1 million, which is included in equity method earnings.

Impairment of Equity Method Investments

The Company evaluates its equity method investments for OTTI at each reporting period. In 2020, 2019 and 2018, equity method investments in aggregate were impaired $512.2 million, $258.0 million and $61.2 million, respectively, and written down to aggregate fair value of $1.0 billion, $745.3 million and $32.8 million, respectively, at the time of impairment. In 2020 and 2019, impairment was principally on the Company's investment in CLNC, as discussed below. Impairment totaling $203.2 million was also recorded in 2020 on ADC loans accounted for as equity method investments, based upon (i) reduced future cash flow streams expected from these investments, primarily taking into consideration a combination of lower land values, delayed leasing, and/or offer prices in the current market, generally discounted at rates between 10% to 20%; and (ii) estimated fair value of net assets acquired from a defaulted borrower. Remaining impairment charges were generally determined using recoverable values for investments resolved or sold, investment values based upon projected exit strategies, or revised values based upon discounted future cash flow stream from the investment.

CLNC

CLNC was formed on January 31, 2018 through a contribution of the CLNY Contributed Portfolio (as described below), represented by the Company's ownership interests ranging from 38% to 100% in certain investment entities ("CLNY Investment Entities"), and a concurrent all-stock merger with NorthStar Real Estate Income Trust, Inc. ("NorthStar I") and NorthStar Real Estate Income II, Inc. ("NorthStar II"), both publicly registered non-traded REITs sponsored and managed by a subsidiary of the Company (the "Combination"). The CLNY Contributed Portfolio comprised the Company's interests in certain commercial real estate loans, net lease properties and limited partnership interests in third party sponsored funds, which represented a select portfolio of U.S. investments within the Company’s other equity and debt portfolio in the Other segment that were transferable assets consistent with CLNC's strategy. Upon closing of the Combination, the Company's management contracts with NorthStar I and NorthStar II were terminated; concurrently, the Company entered into a new management agreement with CLNC.

The Company's contribution of the CLNY Contributed Portfolio to CLNC, and the merger of CLNC with NorthStar I and NorthStar II, resulted in a deconsolidation of the CLNY Investment Entities. Upon closing of the Combination, the Company measured its interest in CLNC based upon its proportionate share of CLNC's estimated fair value at closing. The excess of fair value over carrying value of the Company's equity interest in the CLNY Investment Entities of $9.9 million was recognized in other gain on the consolidated statement of operations in 2018.

Other-Than-Temporary Impairment ("OTTI")—In the fourth quarter of 2020, the Company determined that CLNC's closing stock price of $7.50 per share at December 31, 2020 compared to the carrying value of its investment in CLNC of $8.04 per share does not represent further OTTI of its investment in CLNC. As of December 31, 2020, the Company has the intent and ability to hold its investment in CLNC to recovery.

In the second quarters of 2020 and 2019, the Company had determined that its investment in CLNC was other-than-temporarily impaired and recorded an impairment charge, included in equity method losses, of $274.7 million and $227.9 million, respectively. In each case, the OTTI charge was measured as the excess of carrying value over market value of its investment in CLNC based upon CLNC's closing stock price on the last trading day of the quarter of $7.02 per share on June 30, 2020 and $15.50 per share on June 28, 2019.

At June 30, 2020, the Company's investment in CLNC had a carrying value of $611.2 million prior to the OTTI charge, which was in excess of its market value of $336.5 million. In March and April 2020, there was a significant decrease in CLNC's stock price, which reflected the significant volatility in equity markets and the significant decline in equity prices, for mortgage REITs and across industries, due to the COVID-19 crisis. Along with other publicly traded mortgage REITs, CLNC had seen a rebound in its stock price in May and June 2020, but its stock continues to trade below pre-COVID-19 levels. As of June 30, 2020, there was not a large disparity between the Company's carrying value in CLNC and CLNC's internal estimated NAV. Nevertheless, with increasing uncertainty over the extent and duration of the COVID-19 crisis, and the timeline for a recovery in the U.S economy, the Company believes that it is unlikely that the CLNC stock will recover and trade closer to its NAV in the near term. Accordingly, the Company also believes that it would be unlikely that the shortfall in market value relative to carrying value of its investment in CLNC would recover in the near term. As a result, the Company recognized OTTI on its investment in CLNC.

Basis Difference—The impairment charges resulted in a basis difference between the Company's carrying value of its investment in CLNC and the Company's proportionate share of CLNC's book value of equity. The impairment charge was applied to the Company's investment in CLNC as a whole and was not determined based on an impairment assessment of individual assets held by CLNC. In order to address this basis difference, the impairment charges were generally allocated on a relative fair value basis across CLNC's various investments. Accordingly, for any future impairment charges taken by CLNC on these investments, the Company's share thereof will be applied to reduce the basis difference and will not be recorded as an equity method loss until such time the basis difference associated with the respective investments has been fully eliminated. For the years ended December 31, 2020 and 2019, the Company reduced its share of net loss from CLNC by $83.9 million and $141.1 million, respectively, representing the basis difference allocated to investments that were resolved or impaired by CLNC during these periods. The remaining basis difference at December 31, 2020 was $277.5 million.

Combined Financial Information of Equity Method Investees

The following tables present selected combined financial information of the Company's equity method investees. Amounts presented represent combined totals at the investee level and not the Company's proportionate share.

Selected Combined Balance Sheet Information

(In thousands)	December 31, 2020	December 31, 2019
Total assets	$ 14,488,278	$ 14,026,862
Total liabilities	6,692,652	9,354,120
Owners' equity	7,466,679	4,509,879
Noncontrolling interests	328,947	162,863

Selected Combined Statements of Operations Information

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Total revenues	$ 728,649	$ 1,455,631	$ 1,486,511
Net income (loss)	(184,588)	(827,550)	220,191
Net income (loss) attributable to noncontrolling interests	(32,648)	(50,350)	23,878
Net income (loss) attributable to owners	(151,940)	(777,200)	196,313

Other Equity Investments

Other equity investments consist of the following:

Marketable Equity Securities—These are primarily equity investment in a third party managed mutual fund and publicly traded equity securities held by a consolidated private open-end fund. The equity securities of the consolidated fund comprise listed stocks primarily in the U.S. and to a lesser extent, in Europe, and predominantly in the digital real estate and telecommunication sectors.

Investment Ventures—In April 2020, the Company recapitalized its co-investment venture, which holds common equity in the Albertsons supermarket chain, and reduced its interest in the venture from 50% to 2%, generating total proceeds of $148.5 million and realizing a gain of $60.7 million to the venture, of which the Company's share is 50%. The interest recapitalized by the venture entitles the Company and its original co-investors to potential future profit allocation, which takes the form of an allocation of returns from the venture in excess of a minimum return threshold achieved by the new venture partner. The potential future profit allocation, of which the Company shares in 49%, is assigned a fair value each reporting period assuming a liquidation of the venture as of the reporting date. Such fair value may fluctuate over time based upon achievement of the minimum return threshold. Additionally, a portion of the venture's interest in Albertsons was monetized in conjunction with Albertsons' recapitalization and subsequent initial public offering in June 2020. The Company's remaining equity interest in the venture is valued based upon the publicly traded stock price of Albertsons Companies, Inc. ("ACI"), adjusted for liquidity restrictions attributable to lock-up provisions on the venture's holdings in ACI.

Private Funds and Non-Traded REIT—This represents interests in a Company-sponsored private fund and a non-traded REIT, NorthStar Healthcare Income, Inc. ("NorthStar Healthcare"), and limited partnership interest in a third party private fund sponsored by an equity method investee, for which the Company elected the NAV practical expedient (Note 12).

Investment Commitments

Investment Ventures—Pursuant to the operating agreements of certain unconsolidated ventures, the venture partners may be required to fund additional amounts for future investments, unfunded lending commitments, ordinary operating costs, guaranties or commitments of the venture entities. The Company also has lending commitments under ADC arrangements which are accounted for as equity method investments. At December 31, 2020, the Company’s share of these commitments was $11.6 million.

Private Funds—At December 31, 2020, the Company has unfunded commitments of $192.2 million to Company sponsored and third party sponsored funds.

Debt Securities

The Company's investment in debt securities is composed of available-for-sale N-Star CDO bonds, which are investment-grade subordinate bonds retained by a subsidiary of the Company, NRF Holdco, LLC ("NRF Holdco"), from its sponsored collateralized debt obligations ("CDOs"), and CDO bonds originally issued by NRF Holdco that it subsequently repurchased at a discount. These CDOs are collateralized primarily by commercial real estate ("CRE") debt and CRE securities.

Commercial mortgage-backed securities (“CMBS”) held by a consolidated sponsored investment company which has been dissolved, were sold in the third quarter of 2020 and liquidating distributions made to its shareholders.

AFS Debt Securities

The following tables summarize the balance and activities of the N-Star CDO bonds.

(in thousands)	Amortized Cost Without Allowance for Credit Loss	Allowance for Credit Loss	Gross Cumulative Unrealized		Fair Value
			Gains	Losses	
December 31, 2020	$ 46,561	$ (24,688)	$ 6,703	$ —	$ 28,576
December 31, 2019	46,002	NA	8,857	—	54,859

There were no sales of N-Star CDO bonds during 2020 or 2019.

These CDOs have long-dated stated maturities through 2037 and 2041, however, the Company expects the N-Star CDO bonds to have remaining future cash flows up to 3 years from December 31, 2020.

Impairment of AFS Debt Securities

AFS debt securities are considered to be impaired if their fair value is less than their amortized cost basis.

2020 (subsequent to adoption of CECL)—The Company recorded allowance for credit loss in other loss of $24.7 million. The credit loss was determined based upon an analysis of the present value of contractual cash flows expected to be collected from the underlying collateral as compared to the amortized cost basis of the security. At December 31, 2020, there were no AFS debt securities in unrealized loss positions without allowance for credit loss.

2019—The Company recorded OTTI on AFS debt securities of $16.9 million in other loss. The losses were due to an adverse change in expected cash flows on N-Star CDO bonds. The Company believed that it was not likely that it would recover the full amortized cost on these securities, primarily based upon the performance and value of the underlying collateral. At December 31, 2019, there were no AFS debt securities with unrealized loss in AOCI.

7. Goodwill, Deferred Leasing Costs and Other Intangibles

Goodwill

The following table presents changes in the carrying value of goodwill.

(In thousands)	Year Ended December 31, 2020	2019	2018
Beginning balance	$ 1,452,891	$ 1,514,561	$ 1,514,561
Business combination (Note 3) [(1)]	(15,962)	726,330	—
Impairment	(594,000)	(788,000)	—
Ending balance	$ 842,929	$ 1,452,891	$ 1,514,561

[(1)] Includes the effects of measurement period adjustments within a one year period following the consummation of a business combination.

In the first quarter of 2020, $51.0 million of goodwill was reassigned from the Other segment to the Digital Investment Management segment to reflect the value of expected future investment management economics associated with certain existing investment vehicles that were repurposed to execute an investment strategy focused on the digital sector, as well as a team of professionals dedicated to the strategy. The amount that was reassigned to the digital segment was determined based upon the fair value of this digital strategy platform relative to the overall fair value of the other investment management reporting unit prior to the reassignment.

Goodwill balance by reportable segment is as follows.

(In thousands)	December 31, 2020	December 31, 2019
Balance by reportable segment:		
Digital Operating	$ 463,120	$ 479,082
Digital Investment Management [(1)]	298,248	247,248
Other	81,561	726,561
	$ 842,929	$ 1,452,891

[(1)] Goodwill of $140.5 million related to the DBH acquisition is deductible for income tax purposes.

Impairment of Goodwill

Digital Segments

The Company believes that the current shift and increased reliance on a digital economy positions the Company's digital business for further growth. Therefore, the Company determined that there were no indicators of impairment on goodwill in the digital reportable segments.

Other Segment

2020—In connection with the review and preparation of the financial statements, the Company determined that the deterioration in economic conditions as a result of COVID-19 and the Company's acceleration of its digital transformation in the second quarter of 2020 represent indicators of impairment to the goodwill in its other investment management business. Accordingly, the Company updated its quantitative test of the other investment management goodwill, which indicated that the carrying value of the other investment management reporting unit including goodwill at March 31, 2020 and at June 30, 2020 exceeded its estimated fair value at the respective balance sheet date. As a result, the Company recognized impairment loss on its other investment management goodwill of $79.0 million and $515.0 million in the first and second quarters of 2020, respectively.

Valuation of the other investment management reporting unit contemplated a transition from certain of the Company's non-digital management business to a digitally-focused investment management business beginning in the fourth quarter of 2019. As discussed in Note 1, the Company determined in the second quarter of 2020 that it would accelerate the transition and focus on growing its digital investment management business. Consequently, as of June 30, 2020, the Company did not ascribe any value to future capital raising potential of the other investment management reporting unit, which represents the credit and opportunity fund management business, as it is no longer part of the Company's long-term strategy. Regarding the CLNC management contract, the COVID-19 crisis has caused the Company to postpone its plan to sell the contract. The contract is valued based upon its contractual termination value, which the Company believes approximates fair value.

As previously discussed, the acceleration of a digital strategy, combined with the negative economic effects of COVID-19 on property operations and market values in 2020, resulted in significant reduction in value of the Company's non-digital balance sheet. Such reduction in turn translated into a significant decrease in value of the other investment management reporting unit. The Company had previously considered the hypothetical value of its non-digital investment management business in a spinoff that would result in the Company becoming externally managed, and assigned a value to internally managing the Company's non-digital balance sheet assets. Under current circumstances, the Company determined that the hypothetical contract would have inconsequential, if any, remaining value to a market participant, and wrote off the value of internally managing its non-digital balance sheet.

The Company determined that there were no indicators of additional impairment in the third and fourth quarters of 2020. The remaining balance of the other investment management goodwill in the Other segment of $81.6 million at December 31, 2020 is expected to be fully written off in the near future when a runoff of the credit management business is substantially completed.

2019—In the third and fourth quarters of 2019, the Company recognized impairment losses to its other investment management goodwill of $387.0 million and $401.0 million, respectively, reflecting:

- loss of future fee income from sale of the industrial business, and reduction in CLNC's fee base to reflect its reduced book value in the third quarter of 2019; and
- beginning of the Company's transition to a digital focused investment management business in the fourth quarter of 2019.

2018—The Company performed a quantitative assessment in its annual impairment test and determined that its goodwill in the other investment management business was not impaired in 2018.

Deferred Leasing Costs, Other Intangible Assets and Intangible Liabilities

Deferred leasing costs and identifiable intangible assets and liabilities, excluding those related to assets held for disposition, are as follows.

	December 31, 2020			December 31, 2019		
(In thousands)	Carrying Amount (Net of Impairment)[1]	Accumulated Amortization [1]	Net Carrying Amount [1]	Carrying Amount (Net of Impairment)[1]	Accumulated Amortization [1]	Net Carrying Amount [1]
Deferred Leasing Costs and Intangible Assets						
Deferred leasing costs and lease related intangible assets [2]	$ 1,331,177	$ (223,558)	$ 1,107,619	$ 424,987	$ (123,649)	$ 301,338
Investment management intangibles [3]	277,761	(131,206)	146,555	285,233	(96,466)	188,767
Customer relationships and service contracts [4]	188,489	(6,664)	181,825	71,900	(289)	71,611
Trade names [5]	41,900	(4,713)	37,187	39,600	(185)	39,415
Other [6]	59,068	(7,286)	51,782	31,385	(359)	31,026
Total deferred leasing costs and intangible assets	$ 1,898,395	$ (373,427)	$ 1,524,968	$ 853,105	$ (220,948)	$ 632,157
Intangible Liabilities						
Lease intangible liabilities [2]	$ 155,010	$ (60,814)	$ 94,196	$ 174,208	$ (62,724)	$ 111,484

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(1) For intangible assets and intangible liabilities recognized in connection with business combinations, purchase price allocations may be subject to adjustments during the measurement period, not to exceed 12 months from date of acquisition, based upon new information obtained about facts and circumstances that existed at time of acquisition (Note 3). Amounts are presented net of impairments and write-offs.

(2) Lease intangible assets are composed of in-place leases, above-market leases, lease incentives and tenant relationships. Lease intangible liabilities are composed of below-market leases.

(3) Composed of investment management contracts and investor relationships.

(4) In connection with colocation data center business.

(5) Finite-lived trade names are amortized over estimated useful lives of 1 to 10 years, while indefinite life trade name is not subject to amortization.

(6) Represents primarily assembled workforce acquired in an asset acquisition, hotel franchise agreements which are amortized over the term of the respective contracts or agreements, and certificates of need associated with certain wellness infrastructure portfolios which are not amortized.

Impairment of Identifiable Intangible Assets

Management contract intangible assets were impaired $8.2 million in 2020, $8.6 million in 2019 and $7.0 million in 2018, and written down to aggregate fair value of $12.4 million, $16.9 million and $36.4 million at the time of impairment, respectively. Fair value was generally based upon revised future net cash flows to be generated over the remaining life of the respective management contracts, discounted at 10%, and represent Level 3 fair value.

Additionally, certain intangible assets were written-off in prior years, primarily the management contracts of NorthStar I and NorthStar II, publicly registered non-traded REITs sponsored by the Company, totaling $139.0 million, upon their termination in connection with the Combination, NorthStar trade name of $59.5 million, and retail investor relationship of $10.1 million, in 2018.

Real estate intangibles are subject to impairment as part of the real estate asset group, as discussed in Note 4.

Amortization of Intangible Assets and Liabilities

The following table summarizes amortization of deferred leasing costs and finite-lived intangible assets and intangible liabilities, excluding amounts related to discontinued operations (Note 16):

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Net increase to rental income (1)	$ 6,140	$ 14,442	$ 2,717
Net increase (decrease) to ground rent expense (2)	$ —	$ —	$ (260)
Amortization expense			
Deferred leasing costs and lease related intangibles	$ 97,107	$ 33,910	$ 31,454
Investment management intangibles	33,431	89,236	26,992
Customer relationships and service contracts	7,775	289	—
Trade name	4,529	186	1,606
Other	6,816	182	69
	$ 149,658	$ 123,803	$ 60,121

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(1) Represents the effect of amortizing above- and below-market leases and lease incentives.

(1) Represents the effect of amortizing above- and below-market ground leases prior to adoption of new lease standard on January 1, 2019.

The following table presents the future amortization of deferred leasing costs and finite-lived intangible assets and intangible liabilities, excluding those related to assets and liabilities held for disposition.

	Year Ending December 31,						
(In thousands)	2021	2022	2023	2024	2025	2026 and Thereafter	Total
Net increase (decrease) to rental income	$ (756)	$ (354)	$ 1,343	$ 629	$ (592)	$ (15,506)	$ (15,236)
Amortization expense	251,687	167,384	146,085	117,249	105,028	593,229	1,380,662

8. Assets and Related Liabilities Held for Disposition

Total assets and related liabilities held for disposition are summarized below.

Assets and liabilities held for non-sale disposition in all periods presented represent a portfolio of 48 hotels in the Hospitality segment that has been placed in receivership following the lender's acceleration of the underlying debt that was defaulted in April 2020. Control over the operations and any eventual sale of these hotels has been transferred to the receivers, who are acting for the benefit of the lender. The Company has not been released from its debt obligations, however, the debt is non-recourse to the Company.

	December 31, 2020			December 31, 2019		
(In thousands)	Disposition by Sale	Non-Sale Disposition	Total Held for Disposition	Disposition by Sale	Non-Sale Disposition	Total Held for Disposition
Assets						
Restricted cash	$ 82,850	$ 14,695	$ 97,545	$ 122,663	$ 5,782	$ 128,445
Real estate, net	3,159,742	743,227	3,902,969	4,421,888	1,019,849	5,441,737
Deferred leasing costs and intangible assets, net	9,748	437	10,185	37,399	2,533	39,932
Other assets [1]	79,936	15,166	95,102	97,219	35,752	132,971
Total assets held for disposition	$ 3,332,276	$ 773,525	$ 4,105,801	$ 4,679,169	$ 1,063,916	$ 5,743,085
Liabilities						
Debt, net [2]	$ 2,714,079	$ 780,000	$ 3,494,079	$ 2,926,449	$ 772,485	$ 3,698,934
Lease intangibles and other liabilities	155,949	47,513	203,462	141,426	22,161	163,587
Total liabilities related to assets held for disposition	$ 2,870,028	$ 827,513	$ 3,697,541	$ 3,067,875	$ 794,646	$ 3,862,521

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(1) Includes corporate aircraft that was impaired $11.9 million in 2020 to reflect recoverable value prior to its sale to a third party in January 2021.

(2) Represents debt related to assets held for disposition if the debt is expected to be assumed by the acquirer upon sale or the debt is expected to be extinguished through lender's assumption of underlying collateral.

Discontinued Operations

The table below presents assets and liabilities held for sale and for non-sale disposition that are related to discontinued operations (Note 16). The Company sold its interest in the bulk industrial portfolio in December 2020 and the venture was deconsolidated.

	December 31, 2020	December 31, 2019	
(In thousands)	Hotel	Hotel	Industrial
Assets			
Restricted cash	$ 92,870	$ 112,923	$ —
Real estate, net	3,504,249	4,658,477	342,758
Deferred leasing costs and intangible assets, net	1,851	6,802	25,371
Other assets	70,343	111,229	3,917
Total assets held for disposition—discontinued operations	$ 3,669,313	$ 4,889,431	$ 372,046
Liabilities			
Debt, net	$ 3,494,079	$ 3,465,990	$ 232,944
Lease intangibles and other liabilities	164,339	128,155	2,090
Total liabilities related to assets held for disposition—discontinued operations	$ 3,658,418	$ 3,594,145	$ 235,034

Non-Recourse Investment-Level Secured Debt

As of December 31, 2020, other than the $780.0 million of debt that has been accelerated by the lender, as discussed above, the Company has cured all remaining hotel debt that were in default during 2020 due to the fallout from COVID-19, and all such debt will be assumed by the buyer upon sale of the hotel assets. This includes debt on the THL Hotel Portfolio that was modified in a troubled debt restructure with no resulting gain from the restructuring.

9. Restricted Cash, Other Assets and Other Liabilities

Restricted Cash

The following table summarizes the Company's restricted cash balance:

(In thousands)	December 31, 2020	December 31, 2019
Capital expenditures reserves [(1)]	$ 13,516	$ 18,314
Real estate escrow reserves [(2)]	13,608	15,455
Borrower escrow deposits	—	8,079
Lender restricted cash [(3)]	112,905	27,409
Other [(4)]	21,890	21,806
Total restricted cash	$ 161,919	$ 91,063

(1) Represents primarily cash held by lenders for capital improvements, furniture, fixtures and equipment, tenant improvements, lease renewal and replacement reserves related to real estate assets.

(2) Represents primarily insurance, real estate tax, repair and maintenance, tenant security deposits and other escrows related to real estate assets.

(3) Represents cash from the Company's investment properties that are restricted by lenders in accordance with respective debt agreements.

(4) Includes investment sales proceeds held in escrow.

Other Assets

The following table summarizes the Company's other assets:

(In thousands)	December 31, 2020	December 31, 2019
Straight-line rents	$ 60,100	$ 37,230
Investment deposits and pending deal costs	41,213	32,994
Prefunded capital expenditures for Vantage SDC	48,881	—
Deferred financing costs, net [(1)]	1,222	2,794
Derivative assets (Note 11)	99	21,382
Prepaid taxes and deferred tax assets, net	76,103	69,328
Receivables from resolution of investments [(2)]	1,858	63,984
Operating lease right-of-use asset, net [(3)]	461,890	180,486
Finance lease right-of-use asset, net	143,182	—
Accounts receivable, net [(4)]	83,914	53,387
Prepaid expenses	30,949	22,417
Other assets	45,779	29,219
Fixed assets, net	21,929	44,768
Total other assets	$ 1,017,119	$ 557,989

(1) Deferred financing costs relate to revolving credit arrangements.

(2) Represents proceeds from loan repayments and real estate sales held in escrow, and sales of equity investments pending settlement.

(3) Net of impairment of $9.4 million in 2020 and $0.6 million in 2019 for corporate office leases as the Company determined there is a reduced need for office space based upon the Company's current operations and has abandoned certain leased spaces.

(4) Includes primarily receivables from tenants, resident fees, and reimbursable capital expenditures, and is presented net of allowance for doubtful accounts, where applicable, of $0.9 million at December 31, 2020 and $0.1 million at December 31, 2019.

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Accrued and Other Liabilities

The following table summarizes the Company's accrued and other liabilities:

(In thousands)	December 31, 2020	December 31, 2019
Tenant security deposits and payable	$ 11,938	$ 12,457
Borrower escrow deposits	—	9,903
Deferred income [(1)]	37,454	30,040
Interest payable	36,483	28,902
Derivative liabilities (Note 11)	103,772	127,531
Current and deferred income tax liability	168,384	222,206
Operating lease liability	403,053	156,147
Finance lease liability	148,974	—
Accrued compensation	86,190	72,859
Accrued carried interest and incentive fee compensation	1,929	50,360
Accrued real estate and other taxes	22,735	22,091
Accounts payable and accrued expenses	177,847	91,614
Other liabilities	111,341	63,409
Accrued and other liabilities	$ 1,310,100	$ 887,519

(1) Represents primarily prepaid rental income, prepaid interest from borrowers held in reserve accounts, and deferred management fees, largely from digital investment vehicles. Deferred management fees totaling $7.7 million at December 31, 2020 and $18.3 million at December 31, 2019 will be recognized as fee income over a weighted average period of 1.9 years and 1.2 years, respectively. Deferred management fees recognized as income of $13.8 million and $1.3 million in the years ended December 31, 2020 and 2019, respectively, pertain to the deferred management fee balance at the beginning of each respective period.

10. Debt

The Company's debt consists of the following components, excluding debt related to assets held for disposition that is expected to be assumed by the counterparty upon disposition, which is included in liabilities related to assets held for disposition (Note 8).

(In thousands)	Corporate Credit Facility[(1)]	Convertible and Exchangeable Senior Notes	Secured Debt [(2)]	Junior Subordinated Notes	Total Debt
December 31, 2020					
Debt at amortized cost					
Principal	$ —	$ 545,107	$ 7,106,234	$ 280,117	$ 7,931,458
Premium (discount), net	—	(6,540)	23,334	(76,269)	(59,475)
Deferred financing costs	—	(2,670)	(79,575)	—	(82,245)
	$ —	$ 535,897	$ 7,049,993	$ 203,848	$ 7,789,738
December 31, 2019					
Debt at amortized cost					
Principal	$ —	$ 616,105	$ 4,766,594	$ 280,117	$ 5,662,816
Premium (discount), net	—	2,243	(12,598)	(78,927)	(89,282)
Deferred financing costs	—	(4,296)	(51,320)	—	(55,616)
	$ —	$ 614,052	$ 4,702,676	$ 201,190	$ 5,517,918

(1) Deferred financing costs related to the corporate credit facility are included in other assets.

(2) Debt principal totaling $270.0 million at December 31, 2020 and $265.6 million at December 31, 2019 relates to financing of assets held for disposition, and is expected to be repaid upon disposition of the respective underlying assets. Debt associated with assets held for disposition that is expected to be assumed by the counterparty upon disposition is included in liabilities related to assets held for disposition (Note 8).

The following table summarizes certain information about debt carried at amortized cost.

	Fixed Rate			Variable Rate			Total		
($ in thousands)	Outstanding Principal	Weighted Average Interest Rate (Per Annum)[4]	Weighted Average Years Remaining to Maturity[5]	Outstanding Principal	Weighted Average Interest Rate (Per Annum)[4]	Weighted Average Years Remaining to Maturity[5]	Outstanding Principal	Weighted Average Interest Rate (Per Annum)[4]	Weighted Average Years Remaining to Maturity[5]
December 31, 2020									
Recourse									
Corporate credit facility	$ —	N/A	N/A	$ —	— %	1.0	$ —	— %	1.0
Convertible and exchangeable senior notes[1]	545,107	5.36 %	3.6	—	N/A	N/A	545,107	5.36 %	3.6
Junior subordinated debt [2]	—	N/A	N/A	280,117	3.10 %	15.4	280,117	3.10 %	15.4
Secured debt [3]	32,815	5.02 %	—	—	N/A	N/A	32,815	5.02 %	—
	577,922			280,117			858,039		
Non-recourse [6]									
Secured debt									
Digital Operating	2,132,852	2.54 %	4.8	1,093,991	5.92 %	4.4	3,226,843	3.69 %	4.7
Wellness Infrastructure [7]	401,767	4.55 %	4.1	2,331,366	3.95 %	3.3	2,733,133	4.04 %	3.4
Other—Other Equity and Debt	289,354	6.14 %	0.8	824,089	3.31 %	2.3	1,113,443	4.04 %	1.9
	2,823,973			4,249,446			7,073,419		
	$ 3,401,895			$ 4,529,563			$ 7,931,458		
December 31, 2019									
Recourse									
Corporate credit facility	$ —	N/A	N/A	$ —	—	2.0	$ —	—	2.0
Convertible and exchangeable senior notes[1]	616,105	4.27 %	2.0	—	N/A	N/A	616,105	4.27 %	2.0
Junior subordinated debt [2]	—	N/A	N/A	280,117	4.77 %	16.4	280,117	4.77 %	16.4
Secured debt [3]	35,072	5.02 %	5.9	—	N/A	N/A	35,072	5.02 %	5.9
	651,177			280,117			931,294		
Non-recourse [6]									
Secured debt									
Digital Operating	—	N/A	N/A	539,155	6.98 %	4.8	539,155	6.98 %	4.8
Wellness Infrastructure [7]	405,980	4.55 %	5.1	2,547,726	5.22 %	4.3	2,953,706	5.13 %	4.4
Other—Other Equity and Debt	151,777	4.26 %	3.4	1,086,884	3.24 %	2.6	1,238,661	3.37 %	2.7
	557,757			4,173,765			4,731,522		
	$ 1,208,934			$ 4,453,882			$ 5,662,816		

(1) Includes the 5.375% exchangeable senior notes which is an obligation of NRF Holdco as the issuer, as described further below.

(2) Represents an obligation of NRF Holdco as the junior subordinated debt was issued by certain of its subsidiaries, as described further below. Accordingly, Colony Capital, Inc. and its operating company, Colony Capital Operating Company, LLC, are not guarantors to the debt.

(3) The fixed rate recourse debt is secured by the Company's aircraft and was repaid in January 2021 upon sale of the aircraft.

(4) Calculated based upon outstanding debt principal at balance sheet date and for variable rate debt, the applicable index plus spread at balance sheet date.

(5) Calculated based upon initial maturity dates, or extended maturity dates if extension criteria are met and extension is available at the Company's option.

(6) Investment-level secured debt that is non-recourse to the Company in the Other Equity and Debt portfolio and in the Wellness Infrastructure segment totaling $212.9 million as of the date of this filing was in default ($235.6 million at December 31, 2019). In the Other Equity and Debt portfolio, defaulted debt of $102.6 million has been accelerated by the lenders, and the remainder represents primarily debt assumed by the Company when it acquired the equity interests and obtained control over defaulted borrowers.

(7) Previously referred to as Healthcare.

Conveyance to Lender

In August 2020, the Company indirectly conveyed the equity of certain of its wellness infrastructure borrower subsidiaries, comprising 36 properties in its senior housing operating portfolio with a carrying value of $161.6 million and $157.5 million of outstanding principal ($156.7 million carrying value) of previously defaulted debt, to an affiliate of the lender, which released the Company from all rights and obligations with respect to those assets and corresponding debt. The conveyance of equity in full satisfaction of the outstanding debt was deemed to be a troubled debt restructuring that resulted in an immaterial gain.

Corporate Credit Facility

On June 29, 2020, the OP entered into the Fourth Amendment (the “Amendment”) to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, the “Credit Agreement”), with JPMorgan Chase Bank, N.A., as administrative agent, and the several lenders from time to time party thereto.

The Amendment modified the aggregate amount of revolving commitments available under the Credit Agreement to $500 million ($750 million prior to the Amendment), which was reduced to $450 million upon exercise of the first extension option in December 2020. In accordance with the terms of the Credit Agreement, the available revolving commitment amounts will be reduced to $400 million on March 31, 2021. The credit facility is scheduled to mature in July 2021, with one remaining 6-month extension option (representing no change to the overall term after the Amendment), subject to a fee of 0.10% of the commitment amount upon exercise.

Pursuant to the Amendment, advances under the Credit Agreement accrue interest at a per annum rate equal to, at the Company’s election, either LIBOR plus a margin of 2.50% (previously 2.25%), or a base rate determined according to a prime rate or federal funds rate plus a margin of 1.50% (previously 1.25%). On January 11, 2021, as a result of exercising the first extension option in December 2020, the margin increased to 2.75% for LIBOR borrowings and 1.75% for prime rate or federal funds rate borrowings. Unused amounts under the credit facility accrue a per annum commitment fee of 0.35%.

The maximum amount available to be drawn at any time under the credit facility is limited by a borrowing base of certain investment assets, with the valuation of such investment assets generally determined according to a percentage of adjusted net book value or a multiple of base management fee EBITDA (as defined in the Credit Agreement). As of the date of this filing, the full $450 million is available to be drawn under the facility.

The Amendment provided for modifications to the financial covenants and the borrowing base including, among other things: exclusion of certain non-recourse debt and related assets in the calculation of certain financial ratios (such assets, the “Specified Excluded Assets”), exclusion of EBITDA and fixed charges of Specified Excluded Assets in the calculation of the OP’s fixed charge coverage ratio, which must exceed 1.35 to 1.0, reduction of the minimum tangible net worth covenant from $4.55 billion to $1.74 billion, which must exclude the net worth of Specified Excluded Assets, and modification to the borrowing base to increase capacity for digital investment management and include digital infrastructure investments. As of December 31, 2020 and through the date of this filing, the Company was in compliance with all of the financial covenants.

The Credit Agreement also contains various additional affirmative and negative covenants, including financial covenants that require the Company to maintain minimum tangible net worth, liquidity levels and financial ratios, as defined in the Credit Agreement. In December 2020, we amended the Credit Agreement primarily to provide us with flexibility to determine not to maintain REIT status, without requiring lender approval.

Further, as a result of modifications to the permitted investments and restricted payment provisions in the Amendment, during the term of the Credit Agreement, the Company is prohibited from, among other things, (i) making any investments other than (A) investments in digital infrastructure assets and (B) pre-existing obligations and protective investments in existing assets to preserve, administer or otherwise realize on such investment, (ii) repurchasing capital stock of the Company and (iii) paying dividends, other than for (A) paying dividends to maintain the Company’s status as a REIT, (B) reducing the payment of income taxes and (C) paying dividends on the Company’s preferred equity.

Certain of the Company’s subsidiaries guarantee the obligations of the Company under the Credit Agreement. As security for the advances under the Credit Agreement, the Company and some of its affiliates pledged their equity interests in certain subsidiaries through which the Company directly or indirectly owns substantially all of its assets.

The Credit Agreement also includes customary events of default, in certain cases subject to reasonable and customary periods to cure. The occurrence of an event of default may result in the termination of the credit facility, accelerate the Company’s repayment obligations, in certain cases limit the Company’s ability to make distributions, and allow the lenders to exercise all rights and remedies available to them with respect to the collateral. There have been no events of default since the inception of the credit facility.

Convertible and Exchangeable Senior Notes

Convertible and exchangeable senior notes (collectively, the senior notes) outstanding as of December 31, 2020 are as follows, each representing senior unsecured obligations of Colony Capital, Inc. or a subsidiary as the respective issuers of the senior notes:

Description	Issuance Date	Due Date	Interest Rate (per annum)	Conversion or Exchange Price (per share of common stock)	Conversion or Exchange Ratio (in shares)[1]	Conversion or Exchange Shares (in thousands)	Earliest Redemption Date	Outstanding Principal December 31, 2020	Outstanding Principal December 31, 2019
Issued by Colony Capital, Inc.									
5.00% Convertible Senior Notes	April 2013	April 15, 2023	5.00 %	$ 15.76	63.4700	12,694	April 22, 2020	$ 200,000	$ 200,000
3.875% Convertible Senior Notes	January and June 2014	January 15, 2021	3.875 %	16.57	60.3431	1,901	January 22, 2019	31,502	402,500
Issued by Colony Capital Operating Company, LLC									
5.75% Exchangeable Senior Notes	July 2020	July 15, 2025	5.750 %	2.30	434.7826	130,435	July 21, 2023	300,000	—
Issued by NRF Holdco, LLC									
5.375% Exchangeable Senior Notes	June 2013	June 15, 2033	5.375 %	12.04	83.0837	1,130	June 15, 2023	13,605	13,605
								$ 545,107	$ 616,105

(1) The conversion or exchange rate for the senior notes is subject to periodic adjustments to reflect certain carried-forward adjustments relating to common stock splits, reverse stock splits, common stock adjustments in connection with spin-offs and cumulative cash dividends paid on the Company's common stock since the issuances of the respective senior notes. The conversion or exchange ratios are presented in shares of common stock per $1,000 principal of each senior note.

The senior notes mature on their respective due dates, unless earlier redeemed, repurchased, converted or exchanged, as applicable. The outstanding senior notes are convertible or exchangeable at any time by holders of such notes into shares of the Company’s common stock at the applicable conversion or exchange rate, which is subject to adjustment upon occurrence of certain events. In the case of the 5.375% exchangeable senior notes, NRF Holdco may elect to settle a holder’s exchange into cash, the Company’s common stock or a combination thereof.

To the extent certain trading conditions of the Company’s common stock are met, the senior notes are redeemable by the applicable issuer thereof in whole or in part for cash at any time on or after their respective earliest redemption dates at a redemption price equal to 100% of the principal amount of such senior notes being redeemed, plus accrued and unpaid interest (if any) up to, but excluding, the redemption date. In addition, prior to June 15, 2023 and subject to certain trading conditions of the Company’s common stock, NRF Holdco may redeem its 5.375% exchangeable senior notes at a make-whole redemption price.

In the event of certain change in control transactions and, for the 5.375% exchangeable senior notes only, on each of June 15, 2023 and June 15, 2028, holders of the senior notes have the right to require the applicable issuer to purchase all or part of such holder's senior notes for cash in accordance with terms of the governing documents of the respective senior notes.

Issuance of Exchangeable Senior Notes

In July 2020, the OP issued $300.0 million of exchangeable senior notes maturing in July 2025, bearing interest at 5.75% per annum, and exchangeable into shares of the Company's class A common stock at an initial exchange rate equal to 434.7826 shares of common stock per $1,000 principal amount of notes, equivalent to an exchange price of approximately $2.30 per share. The initial exchange rate is subject to adjustment upon occurrence of certain events, but will not be adjusted for any accrued and unpaid interest. Net proceeds from this issuance, after deducting underwriting discounts, commissions and offering expenses, were $291.0 million.

Repurchase of Convertible Senior Notes

The Company repurchased $371.0 million of the outstanding principal of the 3.875% convertible senior notes in the third quarter of 2020 for total purchase price of $371.1 million, including accrued and unpaid interest, funded with net proceeds from issuance of the 5.75% exchangeable senior notes in July 2020 and cash on hand through a tender offer of

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the 3.875% convertible senior notes completed in September 2020. The remaining $31.5 million of outstanding principal on the 3.875% convertible senior notes was repaid upon maturity in January 2021.

Secured Debt

These are primarily investment level financing, which are non-recourse to the Company, and secured by underlying commercial real estate and mortgage loans receivable.

In October 2020 and February 2021, Vantage SDC and DataBank, the Company's subsidiaries in the Digital Operating segment, raised $1.3 billion and $657.9 million of securitized notes at blended fixed rates of 1.8% and 2.3%, with 6 years and 5 years maturity, respectively. In both instances, the proceeds were applied principally to refinance outstanding debt, which meaningfully reduced the overall cost of debt and extended debt maturities at Vantage SDC and DataBank.

Junior Subordinated Debt

Trust preferred securities ("TruPS") were previously issued in private placement offerings by subsidiaries of NRF Holdco, LLC (the "Issuer," a subsidiary of Colony Capital, Inc.), which were formed as statutory trusts, NorthStar Realty Finance Trust I through VIII (the “Trusts”). The sole assets of the Trusts consist of a like amount of junior subordinated notes issued by the Issuer at the time of the offerings (the "Junior Notes"). As Colony Capital, Inc. and its operating company, Colony Capital Operating Company, LLC, are not issuers of the junior subordinated debt, neither are obligors nor guarantors on the junior subordinated debt and TruPS.

The Issuer may redeem the Junior Notes at par, in whole or in part, for cash, after five years. To the extent the Issuer redeems the Junior Notes, the Trusts are required to redeem a corresponding amount of TruPS. The ability of the Trusts to pay dividends depends on the receipt of interest payments on the Junior Notes. The Issuer has the right, pursuant to certain qualifications and covenants, to defer payments of interest on the Junior Notes issued to NorthStar Realty Finance Trust I through III for up to six consecutive quarters. If payment of interest on the Junior Notes is deferred, the Trusts will defer the quarterly distributions on the TruPS for a corresponding period. Additional interest accrues on deferred payments at the annual rate payable on the Junior Notes, compounded quarterly.

Future Minimum Principal Payments

The following table summarizes future scheduled minimum principal payments of debt at December 31, 2020, excluding hotel secured debt of $3.5 billion that is classified as held for disposition (Note 8). Future debt principal payments are presented based on initial maturity dates or extended maturity dates if extension criteria are met at December 31, 2020 and the extension option is at the Company's discretion. Financing on certain loan portfolios are based on the Company's expectation of cash flows from underlying loan collateral as principal repayments on the loan financing depend upon net cash flows from collateral assets and ratio of outstanding principal to collateral.

	Year Ending December 31,						
(In thousands)	2021	2022	2023	2024	2025	2026 and thereafter	Total
Corporate credit facility	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Convertible and exchangeable senior notes	31,502	—	200,000	—	300,000	13,605	545,107
Junior subordinated debt	—	—	—	—	—	280,117	280,117
Secured debt—recourse	32,815	—	—	—	—	—	32,815
Secured debt—non-recourse:							
Digital Operating	9,576	10,126	261,285	971,606	1,274,250	700,000	3,226,843
Wellness Infrastructure	159,179	320,164	10,859	2,113,612	1,020	128,299	2,733,133
Other—Other Equity and Debt	472,332	111,559	67,154	394,426	67,061	911	1,113,443
Total	$ 705,404	$ 441,849	$ 539,298	$ 3,479,644	$ 1,642,331	$ 1,122,932	$ 7,931,458

11. Derivatives

The Company uses derivative instruments to manage the risk of changes in interest rates and foreign exchange rates, arising from both its business operations and economic conditions. Specifically, the Company enters into derivative instruments to manage differences in the amount, timing, and duration of the Company’s known or expected cash receipts and cash payments, the values of which are driven by interest rates, principally relating to the Company’s investments and borrowings. Additionally, the Company's foreign operations expose the Company to fluctuations in foreign interest rates and exchange rates. The Company enters into derivative instruments to protect the value or fix certain of these foreign denominated amounts in terms of its functional currency, the U.S. dollar. Derivative instruments used in the Company's risk management activities may be designated as qualifying hedge accounting relationships ("designated hedges") or otherwise used for economic hedging purposes ("non-designated hedges").

Fair value of derivative assets and derivative liabilities are as follows:

	December 31, 2020			December 31, 2019		
(In thousands)	Designated Hedges	Non-Designated Hedges	Total	Designated Hedges	Non-Designated Hedges	Total
Derivative Assets						
Foreign exchange contracts	$ —	$ 6	$ 6	$ 15,307	$ 1,271	$ 16,578
Interest rate contracts	29	64	93	78	237	315
Performance swaps	—	—	—	—	4,493	4,493
Included in other assets	$ 29	$ 70	$ 99	$ 15,385	$ 6,001	$ 21,386
Derivative Liabilities						
Foreign exchange contracts	$ —	$ 967	$ 967	$ 8,134	$ 2,482	$ 10,616
Performance swaps	—	149	149	—	—	—
Forward contracts	—	102,656	102,656	—	116,915	116,915
Included in accrued and other liabilities	$ —	$ 103,772	$ 103,772	$ 8,134	$ 119,397	$ 127,531

Certain counterparties to the derivative instruments require the Company to deposit cash or other eligible collateral. The Company had cash collateral on deposit, included in other assets, of $15.9 million at December 31, 2020 and $10.0 million at December 31, 2019, all of which related to the forward contracts and performance swaps discussed below.

Foreign Exchange Contracts

The following table summarizes the aggregate notional amounts and certain key terms of non-designated foreign exchange contracts in place at December 31, 2020:

Hedged Currency	Instrument Type	Notional Amount (in thousands)	FX Rates ($ per unit of foreign currency)	Range of Expiration Dates
EUR	Put options	€ 224,000	$0.95	May 2021 to May 2022
GBP	Put options	£ 32,000	$1.05	May 2021
GBP	FX Forward	£ 23,510	$1.33	April 2021 to September 2021

The Company's foreign denominated net investments in subsidiaries or joint ventures were €455.4 million and £286.3 million, or a total of $0.9 billion at December 31, 2020, and €517.9 million and £275.5 million, or a total of $0.9 billion at December 31, 2019.

The Company enters into foreign exchange contracts to hedge the foreign currency exposure of certain investments in foreign subsidiaries or equity method joint ventures, with notional amounts and termination dates based upon the anticipated return of capital from the investments. Prior to the second quarter of 2020, the Company utilized primarily (i) forward contracts whereby the Company agreed to sell an amount of foreign currency for an agreed upon amount of U.S. dollars and (ii) costless collars consisting of caps and floors, which consisted of a combination of currency options with single date expirations. Both types of hedging strategies were designated as net investment hedges.

During the second quarter of 2020, the Company unwound all of its existing foreign currency hedges and entered into foreign currency put options with upfront premiums whereby the Company gains protection against foreign currency weakening below a specified level. The put options are set to expire in increments according to the Company's expected monetization timeframe of the hedged investments, but the notional amounts are not identifiable to specific investments. Accordingly, the put options are not designated for hedge accounting purposes.

Designated Net Investment Hedges

Release of AOCI related to net investment hedges occurs upon losing a controlling financial interest in an investment or obtaining control over an equity method investment. Upon sale, complete or substantially complete liquidation of an investment in a foreign subsidiary, or partial sale of an equity method investment, the gain or loss on the related net investment hedge is reclassified from AOCI to other gain (loss) as summarized below.

(In thousands)	Year Ended December 31, 2020	2019	2018
Designated net investment hedges:			
Realized gain transferred from AOCI to earnings	$ 414	$ 1,790	$ 7,426

Non-Designated Hedges

At the end of each quarter, the Company reassesses the effectiveness of its net investment hedges and as appropriate, dedesignates the portion of the derivative notional amount that is in excess of the beginning balance of its net investments. Any unrealized gain or loss on the dedesignated portion of net investment hedges and on non-designated foreign exchange contracts are recorded in other gain (loss).

(In thousands)	Year Ended December 31, 2020	2019	2018
Dedesignated net investment hedges:			
Unrealized gain (loss) transferred from AOCI to earnings	$ 1,485	$ (2,693)	$ 3,726
Non-designated foreign exchange contracts:			
Unrealized gain (loss) in earnings	(2,727)	—	—

Interest Rate Contracts

The Company uses various interest rate contracts, some of which may be designated as cash flows hedges, to limit its exposure to changes in interest rates on various floating rate debt obligations. The following table summarizes the interest rate contracts held by the Company at December 31, 2020.

	Notional Amount (in thousands)				
Instrument Type	Designated	Non-Designated	Index	Strike Rate / Forward Rate	Range of Expiration Dates
Interest rate caps	$ —	$ 3,340,895	1-Month LIBOR	2.00% - 4.00%	March 2021 to July 2022
Interest rate caps	€ 220,590	€ 451,410	3-Month EURIBOR	0.25% - 1.50%	January 2021 to June 2024
Interest rate caps	£ —	£ 284,426	3-Month GBP LIBOR	1.00% - 2.00%	November 2021 to October 2022

The following table summarizes amounts recorded in the income statements related to interest rate contracts.

(In thousands)	Year Ended December 31, 2020	2019	2018
Interest expense on designated interest rate contracts [1]	$ 24	$ —	$ —
Realized and unrealized gain (loss) net:			
Designated interest rate contracts	—	8,019	—
Non-designated interest rate contracts [2]	(209)	(242,898)	33,307

(1) Represents amortization of the cost of designated interest rate caps to interest expense based upon expected hedged interest payments on variable rate debt.

(2) Amounts include unrealized loss of $239.3 million in 2019 and unrealized gain of $34.0 million on a $2.0 billion notional forward starting swap that was settled at the end of 2019.

Forward Contracts and Performance Swaps

The Company has an equity investment in a third party managed real estate mutual fund, accounted for as marketable equity securities carried at fair value. The Company had previously entered into a series of forward contracts on its shares in the mutual fund in an aggregate notional amount of $100 million, equal to its initial investment in the fund, and concurrently, entered into a series of swap contracts with the same counterparty to pay the return of the Dow Jones U.S. Select REIT Total Return Index. The Company settled the forwards and swaps in cash upon expiration in January 2020, realizing a gain of $5.8 million. In January 2020, the Company entered into another series of forward contracts with aggregate notional of $119 million, and swap contracts with the same counterparty, with similar terms to the previous transaction that required an initial combined collateral deposit of $14.3 million, subject to daily net settlements in net fair value changes in excess of a predetermined threshold. The forward and swap contracts were settled upon expiration in January 2021 through delivery of all of the Company's shares in the mutual fund, realizing an immaterial net loss.

The forwards and swaps are not designated as hedges for accounting purposes. All realized and unrealized gains (losses) are recorded in other gain (loss) as follows:

(In thousands)	Year Ended December 31, 2020	2019
Realized and unrealized gain (loss), net on derivatives:		
Forward contracts	$ 14,259	$ (16,915)
Performance swaps	1,164	4,493
Unrealized gain (loss) on marketable equity securities held at period end:		
Real estate mutual fund	(14,290)	17,442

Offsetting Assets and Liabilities

The Company enters into agreements subject to enforceable master netting arrangements with its derivative counterparties that allow the Company to offset the settlement of derivative assets and liabilities in the same currency by derivative instrument type or, in the event of default by the counterparty, to offset all derivative assets and liabilities with the same counterparty. The Company has elected not to net derivative asset and liability positions, notwithstanding the conditions for right of offset may have been met, and presents derivative assets and liabilities with the same counterparty on a gross basis on the consolidated balance sheets.

The following table sets forth derivative positions where the Company has a right of offset under netting arrangements with the same counterparty.

(In thousands)	Gross Assets (Liabilities) on Consolidated Balance Sheets	Gross Amounts Not Offset on Consolidated Balance Sheets		Net Amounts of Assets (Liabilities)
		(Assets) Liabilities	Cash Collateral Pledged	
December 31, 2020				
Derivative Assets				
Foreign exchange contracts	$ 6	$ —	$ —	$ 6
Interest rate contracts	93	—	—	93
	$ 99	$ —	$ —	$ 99
Derivative Liabilities				
Foreign exchange contracts	$ (967)	$ —	$ —	$ (967)
Performance swaps	(149)	149	—	—
Forward contracts	(102,656)	(149)	15,913	(86,892)
	$ (103,772)	$ —	$ 15,913	$ (87,859)
December 31, 2019				
Derivative Assets				
Foreign exchange contracts	$ 16,578	$ (4,385)	$ —	$ 12,193
Interest rate contracts	315	—	—	315
Performance swaps	4,493	(4,493)	—	—
	$ 21,386	$ (8,878)	$ —	$ 12,508
Derivative Liabilities				
Foreign exchange contracts	$ (10,616)	$ 4,385	$ —	$ (6,231)
Forward contracts	(116,915)	4,493	9,981	(102,441)
	$ (127,531)	$ 8,878	$ 9,981	$ (108,672)

12. Fair Value

Recurring Fair Values

The table below presents a summary of financial assets and financial liabilities carried at fair value on a recurring basis, including financial instruments for which the fair value option was elected, but excluding financial assets under the NAV practical expedient, categorized into the three tier fair value hierarchy that is prioritized based upon the level of transparency in inputs used in the valuation techniques.

(In thousands)	Fair Value Measurement Hierarchy			
	Level 1	Level 2	Level 3	Total
December 31, 2020				
Assets				
Marketable equity securities	$ 218,485	$ —	$ —	$ 218,485
AFS debt securities	—	—	28,576	28,576
Other assets—derivative assets	—	99	—	99
Fair Value Option:				
Loans held for investment	—	—	1,295,337	1,295,337
Equity method investments	—	—	181,799	181,799
Liabilities				
Other liabilities—derivative liabilities	—	103,772	—	103,772
Other liabilities—settlement liability	—	—	24,285	24,285
December 31, 2019				
Assets				
Marketable equity securities	$ 138,586	$ —	$ —	$ 138,586
AFS debt securities	—	—	54,859	54,859
CMBS of consolidated fund	—	2,732	—	2,732
Other assets—derivative assets	—	21,386	—	21,386
Fair Value Option:				
Equity method investments	—	—	222,875	222,875
Liabilities				
Other liabilities—derivative liabilities	—	127,531	—	127,531
Other liabilities—contingent consideration for THL Hotel Portfolio	—	—	9,330	9,330

Marketable Equity Securities

Marketable equity securities consist primarily of investment in a third party managed mutual fund and equity securities held by consolidated funds. These marketable equity securities are valued based on listed prices in active markets and classified as Level 1 of the fair value hierarchy.

Debt Securities

N-Star CDO bonds—Fair value of N-Star CDO bonds are determined internally based on recent trades, if any with such securitizations, the Company's knowledge of the underlying collateral and are determined using an internal price interpolated based on third party prices of the senior N-Star CDO bonds of the respective CDOs. All N-Star CDO bonds are classified as Level 3 of the fair value hierarchy.

CMBS of consolidated fund—Fair value was determined based on broker quotes or third party pricing services, classified as Level 2 of the fair value hierarchy. These CMBS were fully disposed of in the third quarter of 2020.

Derivatives

Derivative instruments consist of interest rate contracts and foreign exchange contracts that are generally traded over-the-counter, and are valued using a third-party service provider. Quotations on over-the-counter derivatives are not adjusted and are generally valued using observable inputs such as contractual cash flows, yield curve, foreign currency rates and credit spreads, and are classified as Level 2 of the fair value hierarchy. Although credit valuation adjustments, such as the risk of default, rely on Level 3 inputs, these inputs are not significant to the overall valuation of its derivatives. As a result, derivative valuations in their entirety are classified as Level 2 of the fair value hierarchy.

Other Liabilities—Contingent Consideration for THL Hotel Portfolio

In connection with the consensual foreclosure in July 2017 of a portfolio of limited service hotels ("THL Hotel Portfolio"), contingent consideration is payable to the former preferred equity holder of the borrower in an amount up to $13.0 million based upon the performance of the THL Hotel Portfolio, subject to meeting certain repayment and return thresholds to the Company and certain investment vehicles managed by the Company. The contingent consideration is measured based upon the probability of the former preferred equity holder receiving such payment, classified as Level 3 fair value. In the second quarter of 2020, the contingent consideration liability was determined to have zero value and was written off as a gain of $9.3 million, recorded in other gain (loss) within income (loss) from discontinued operations (Note 16). The Company determined that it was no longer probable that such payment would be made following the adverse effect of COVID-19 on the operations and performance of the THL Hotel Portfolio.

Other Liabilities—Settlement Liability

In March 2020, the Company entered into a cooperation agreement with Blackwells Capital LLC ("Blackwells"), a stockholder of the Company. Pursuant to the cooperation agreement, Blackwells agreed to a standstill in its proxy contest with the Company, and to abide by certain voting commitments, including a standstill with respect to the Company until the expiration of the agreement in March 2030 and voting in favor of the Board of Director's recommendations until the third anniversary of the agreement.

Contemporaneously, the Company and Blackwells entered into a joint venture arrangement for the purpose of acquiring, holding and disposing of the Company's class A common stock. Pursuant to the arrangement, the Company contributed its class A common stock, valued at $14.7 million by the venture, and Blackwells contributed $1.47 million of cash that was then distributed to the Company, resulting in a net capital contribution of $13.23 million by the Company in the venture. All of the class A common stock held in the venture had been repurchased by the Company in March 2020 (Note 14). Blackwells may cause the arrangement to be dissolved and all underlying assets distributed at any time, and the Company may do the same after three years. Distributions to be made through the joint venture arrangement effectively represent a settlement of the proxy contest with Blackwells. The initial fair value of the arrangement was recorded as a settlement loss on the statement of operations, with a corresponding liability on the balance sheet, subject to remeasurement at each period end.

The settlement liability is a fair value measure of the disproportionate allocation of future profits distribution to Blackwells pursuant to the joint venture arrangement. Such profits will be derived from dividend payments and any appreciation in value of the Company's class A common stock, allocated between the Company and Blackwells based upon specified return hurdles. The profits distribution is payable in cash, the Company's class A common stock or a combination of both at the Company's election. The initial fair value of the arrangement was recorded as a settlement loss on the statement of operations with a corresponding settlement liability on the consolidated balance sheer. The settlement liability, classified as a Level 3 fair value, is measured using a Monte Carlo simulation under a risk-neutral premise, assuming that the final distribution occurs at the end of the third year in March 2023, and is remeasured at each reporting period. At December 31, 2020, the settlement liability was valued at approximately $24.3 million, applying the following assumptions: (a) expected volatility of the Company's class A common stock of 67.2% based upon a combination of historical and implied volatility of the Company's class A common stock; (b) zero expected dividend yield given the Company's suspension of its common stock dividend beginning the second quarter of 2020; and (c) risk free rate of 0.14% per annum based upon a compounded zero-coupon U.S. Treasury yield. The settlement liability increased approximately $20.4 million from inception to December 31, 2020, recorded as other loss on the consolidated statement of operations.

<u>*Fair Value Option*</u>

Loans Receivable

Effective January 1, 2020, the Company elected the fair value option for all of its outstanding loans receivable. Loans receivable consist of mortgage loans, mezzanine loans and non-mortgage loans. Fair values were determined by comparing the current yield to the estimated yield of newly originated loans with similar credit risk or the market yield at which a third party might expect to purchase such investment; or based on discounted cash flow projections of principal and interest expected to be collected, which includes, but is not limited to, consideration of the financial standing of the borrower or sponsor as well as operating results and/or value of the underlying collateral.

Equity Method Investments

Equity method investments for which the fair value option was elected are carried at fair value on a recurring basis. Fair values are determined using either discounted cash flow models based on expected future cash flows for income and realization events of the underlying assets, applying revenue multiples, based on transaction price for recently acquired investments, pending or comparable market sales price on an investment, or based upon NAV of the underlying funds subject to adjustments. Fair value of equity method investments are classified as Level 3 of the fair value hierarchy, unless investments are valued based on contracted sales prices which are classified as Level 2 of the fair value hierarchy. Changes in fair value of equity method investments under the fair value option are recorded in equity method earnings.

Level 3 Recurring Fair Value Measurements

Quantitative information about recurring Level 3 fair value assets are as follows.

Financial Instrument	Fair Value (In thousands)	Valuation Technique	Key Unobservable Inputs	Input Value Weighted Average[(1)] (Range)	Effect on Fair Value from Increase in Input Value [(2)]
December 31, 2020					
AFS debt securities	$ 28,576	Discounted cash flows	Discount rate	28.9% (18.3% - 57.8%)	Decrease
Fair Value Option:					
Loans held for investment	1,295,337	Discounted cash flows	Discount rate	13.0% (6.9% - 25.7%)	Decrease
Equity method investments—third party private equity funds	2,472	NAV[(3)]	N/A	N/A	N/A
Equity method investments—other	36,923	Discounted cash flows	Discount rate	27.5% (19.0% - 30.0%)	Decrease
Equity method investments—other	142,404	Transaction price[(5)]	N/A	N/A	N/A
December 31, 2019					
AFS debt securities	$ 54,859	Discounted cash flows	Discount rate	22.3% (16.8% - 65.0%)	Decrease
Fair Value Option:					
Equity method investments—third party private equity funds	5,391	NAV[(3)]	N/A	N/A	N/A
Equity method investments—other	18,574	Discounted cash flows	Discount rate	10.1% (5.1% - 15.8%)	Decrease
Equity method investments—other	25,000	Multiple	Revenue multiple	3.7x	[(4)]
Equity method investments—other	173,910	Transaction price[(5)]	N/A	N/A	N/A

(1) Weighted average discount rates are calculated based upon undiscounted cash flows.

(2) Represents the directional change in fair value that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the reverse effect. Significant increases or decreases in these inputs in isolation could result in significantly higher or lower fair value measures.

(3) Fair value was estimated based on underlying NAV of the respective funds on a quarter lag, adjusted as deemed appropriate by management, considering the cash flows provided by the general partners of the funds and the implied yields of the funds.

(4) Fair value is affected by change in revenue multiple relative to change in rate of revenue growth.

(5) Valued based upon transaction price of investments recently acquired, settlement amounts under contract, or offer prices on loans, investments or underlying assets of investee pending sales. Transaction price approximates fair value for investee engaged in real estate development during the development stage.

The following table presents changes in recurring Level 3 fair value assets and liabilities, including realized and unrealized gains (losses) included in other gain (loss) on the consolidated statement of operations and in AOCI.

	Level 3 Assets				Level 3 Liability
			Fair Value Option		
(In thousands)	Securitized Loans Receivable	AFS Debt Securities	Loans Held for Investment	Equity Method Investments	Debt—Securitized Bonds Payable
Fair value at December 31, 2017	$ 45,423	$ 323,243	$ —	$ 363,901	$ (44,542)
Purchases, contribution or accretion	—	21,049	—	61,113	—
Paydowns or distributions	(638)	(138,261)	—	(188,409)	638
Contribution to CLNC	—	—	—	(26,134)	—
Deconsolidation	(44,070)	(124,344)	—	—	43,847
Transfers out of Level 3 [(1)]	—	—	—	(132,527)	—
Realized and unrealized gains (losses) in earnings, net	(715)	3,877	—	3,141	57
Other comprehensive income [(2)]	—	(21,437)	—	—	—
Fair value at December 31, 2018	$ —	$ 64,127	$ —	$ 81,085	$ —
Net unrealized gains (losses) in earnings on instruments held at December 31, 2018	$ (715)	$ —	$ —	$ (67)	$ 57

(In thousands)	Level 3 Assets				Level 3 Liability
			Fair Value Option		
	Securitized Loans Receivable	AFS Debt Securities	Loans Held for Investment	Equity Method Investments	Debt—Securitized Bonds Payable
Fair value at December 31, 2018	$ —	$ 64,127	$ —	$ 81,085	$ —
Purchases, contributions and accretion	—	6,380	—	141,070	—
Paydowns, distributions and sales	—	(10,779)	—	(8,338)	—
Realized and unrealized gains (losses) in earnings, net	—	(16,920)	—	9,058	—
Other comprehensive income [2]	—	12,051	—	—	—
Fair value at December 31, 2019	$ —	$ 54,859	$ —	$ 222,875	$ —
Net unrealized gains (losses) in earnings on instruments held at December 31, 2019	$ —	$ (16,920)	$ —	$ 8,280	$ —
Fair value at December 31, 2019	$ —	$ 54,859	$ —	$ 222,875	$ —
Election of fair value option on January 1, 2020	—	—	1,556,131	—	—
Reclassification of accrued interest on January 1, 2020	—	—	13,504	—	—
Purchases, drawdowns, contributions and accretion	—	4,043	195,414	6,539	—
Paydowns, distributions and sales	—	(5,784)	(274,100)	(967)	—
Change in accrued interest and capitalization of paid-in-kind interest	—	—	33,033	—	—
Allowance for credit losses	—	(24,688)	—	—	—
Realized and unrealized gains (losses) in earnings, net	—	—	(299,405)	(58,873)	—
Other comprehensive income (loss) [2]	—	146	70,760	12,225	—
Fair value at December 31, 2020	$ —	$ 28,576	$ 1,295,337	$ 181,799	$ —
Net unrealized gains (losses) on instruments held at December 31, 2020					
In earnings	—	$ —	$ (272,084)	$ (58,873)	$ —
In other comprehensive income (loss)	$ —	$ 146	N/A	N/A	$ —

[1] Assets transferred out of Level 3 represent investments in third party private equity funds that were valued based on their contracted sales price and subsequently sold in 2018.

[2] Amounts recorded in OCI for loans receivable and equity method investments represent foreign currency translation differences on the Company's foreign subsidiaries that hold the respective foreign currency denominated investments.

Securitized Loans and Securitized Bonds

Prior to May 2018, the Company had elected the fair value option for loans receivable and bonds payable issued by a securitization trust that was consolidated by a N-Star CDO. The N-Star CDO was in turn consolidated by the Company. In May 2018, the Company sold its interests in the N-Star CDO and deconsolidated the N-Star CDO along with the securitization trust consolidated by the N-Star CDO.

Prior to deconsolidation, the Company had adopted the measurement alternative to measure the fair value of the loans receivable held by the securitization trust using the fair value of the bonds payable issued by the securitization trust as the latter represented the more observable fair value. As such, the net gain or loss that was reflected in earnings was limited to changes in fair value of the beneficial interest held by the Company in the previously consolidated securitization trust, and not as a result of a remeasurement of the loans receivable and bonds payable held by third parties in the previously consolidated securitization trust. Fair value of the bonds payable issued by the securitization trust was determined based on broker quotes, which were generally derived from unobservable inputs, and therefore classified as Level 3 of the fair value hierarchy. Correspondingly, the fair value of the loans receivable held by the securitization trust was also classified as Level 3.

Investments Carried at Fair Value Using Net Asset Value

Investments in a Company-sponsored private fund and a non-traded REIT, and limited partnership interest in a third party private fund are valued using NAV of the respective vehicles.

	December 31, 2020		December 31, 2019	
(In thousands)	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private fund—real estate	$ 15,680	$ 8,026	$ 16,271	$ 11,058
Non-traded REIT—real estate	18,272	—	19,358	—
Private fund—emerging market private equity	2,224	—	3,012	—

The Company's interests in the private funds are not subject to redemption, with distributions to be received through liquidation of underlying investments of the funds. The private funds each have eight and ten year lives, respectively, at inception, both of which may be extended in one year increments up to two years.

No secondary market currently exists for shares of the non-traded REIT and the Company does not currently expect to seek liquidity of its shares of the non-traded REIT. Subject to then-existing market conditions, the board of directors of the non-traded REIT, along with the Company, as sponsor, expects to consider alternatives for providing liquidity to the non-traded REIT shares beginning five years from completion of the offering stage in January 2016, but with no definitive date by which it must do so. In addition, the Company has agreed that any right to have its shares redeemed is subordinated to third party stockholders for so long as its advisory agreement is in effect.

Nonrecurring Fair Values

The Company measures fair value of certain assets on a nonrecurring basis when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Adjustments to fair value generally result from the application of lower of amortized cost or fair value accounting for assets held for disposition or otherwise, write-down of asset values due to impairment. Impairments are discussed in Note 4 for real estate, Note 6 for equity method investments, and Note 7 for investment management intangible assets, including goodwill.

Fair Value Information on Financial Instruments Reported at Cost

Carrying amounts and estimated fair values of financial instruments reported at amortized cost are presented below. The carrying values of cash, accounts receivable, due from and to affiliates, interest payable and accounts payable approximate fair value due to their short term nature and credit risk, if any, are negligible. There are no loans receivable carried at amortized cost in 2020 as the Company elected the fair value option for all loans receivable effective January 1, 2020.

	Fair Value Measurements				
(In thousands)	Level 1	Level 2	Level 3	Total	Carrying Value
December 31, 2020					
Liabilities					
Debt at amortized cost					
Convertible and exchangeable senior notes	$ 898,231	$ 13,095	$ —	$ 911,326	$ 535,897
Secured debt	—	—	6,927,743	6,927,743	7,049,993
Secured debt related to assets held for disposition	—	—	3,333,651	3,333,651	3,494,079
Junior subordinated debt	—	—	201,018	201,018	203,848
December 31, 2019					
Assets					
Loans at amortized cost	$ —	$ —	$ 1,557,850	$ 1,557,850	$ 1,552,824
Liabilities					
Debt at amortized cost					
Convertible and exchangeable senior notes	602,000	13,095	—	615,095	614,052
Secured debt	—	—	4,747,560	4,747,560	4,702,676
Secured debt related to assets held for disposition	—	—	3,700,990	3,700,990	3,698,934
Junior subordinated debt	—	—	225,835	225,835	201,190

Debt—Fair value of convertible notes and exchangeable notes were determined using the last trade price in active markets and unadjusted quoted prices in non-active market, respectively. Fair values of the corporate credit facility and secured debt were estimated by discounting expected future cash outlays at interest rates available to the Company for similar instruments. Fair value of junior subordinated debt was based on unadjusted quotations from a third party valuation firm, with such quotes derived using a combination of internal valuation models, comparable trades in non-active markets and other market data.

Other—Carrying values of cash, due from and to affiliates, other receivables and other payables generally approximate fair value due to their short term nature, and credit risk, if any, are negligible.

13. Variable Interest Entities

A VIE is an entity that lacks sufficient equity to finance its activities without additional subordinated financial support from other parties, or whose equity holders lack the characteristics of a controlling financial interest. The following discusses the Company's involvement with VIEs where the Company is the primary beneficiary and consolidates the VIEs or where the Company is not the primary beneficiary and does not consolidate the VIEs.

Operating Subsidiary

The Company's operating subsidiary, OP, is a limited liability company that has governing provisions that are the functional equivalent of a limited partnership. The Company holds the majority of membership interest in OP, acts as the managing member of OP and exercises full responsibility, discretion and control over the day-to-day management of OP. The noncontrolling interests in OP do not have substantive liquidation rights, substantive kick-out rights without cause, or substantive participating rights that could be exercised by a simple majority of noncontrolling interest members (including by such a member unilaterally). The absence of such rights, which represent voting rights in a limited partnership equivalent structure, would render OP to be a VIE. The Company, as managing member, has the power to direct the core activities of OP that most significantly affect OP's performance, and through its majority interest in OP, has both the right to receive benefits from and the obligation to absorb losses of OP. Accordingly, the Company is the primary beneficiary of OP and consolidates OP. As the Company conducts its business and holds its assets and liabilities through OP, the total assets and liabilities of OP represent substantially all of the total consolidated assets and liabilities of the Company.

Company-Sponsored Private Funds

The Company sponsors private funds and other investment vehicles as general partner for the purpose of providing investment management services in exchange for management fees and performance-based fees. These private funds are established as limited partnerships or equivalent structures. Limited partners of the private funds do not have either substantive liquidation rights, or substantive kick-out rights without cause, or substantive participating rights that could be exercised by a simple majority of limited partners or by a single limited partner. Accordingly, the absence of such rights, which represent voting rights in a limited partnership, results in the private funds being considered VIEs. The nature of the Company's involvement with its sponsored funds comprise fee arrangements and equity interests. The fee arrangements are commensurate with the level of management services provided by the Company, and contain terms and conditions that are customary to similar at-market fee arrangements.

Consolidated Company-Sponsored Private Funds—The Company currently consolidates sponsored private funds in which it has more than an insignificant equity interest in the fund as general partner. As a result, the Company is considered to be acting in the capacity of a principal of the sponsored private fund and is therefore the primary beneficiary of the fund. The Company’s exposure is limited to the value of its outstanding investment in the consolidated private funds of $46.5 million at December 31, 2020 and $18.5 million at December 31, 2019. The Company, as general partner, is not obligated to provide any financial support to the consolidated private funds. At December 31, 2020 and 2019, the consolidated private funds had total assets of $172.2 million and $24.7 million, respectively, and total liabilities of $41.8 million and $0.1 million, respectively, made up primarily of cash, marketable equity securities and unsettled trades.

Unconsolidated Company-Sponsored Private Funds—The Company does not consolidate its sponsored private funds where it has insignificant direct equity interests or capital commitments to these funds as general partner. The Company may invest alongside certain of its sponsored private funds through joint ventures between the Company and these funds, or the Company may have capital commitments to its sponsored private funds that are satisfied directly through the co-investment joint ventures as an affiliate of the general partner. In these instances, the co-investment joint ventures are consolidated by the Company. As the Company's direct equity interests in its sponsored private funds as general partner absorb insignificant variability, the Company is considered to be acting in the capacity of an agent of these funds and is therefore not the primary beneficiary of these funds. The Company accounts for its equity interests in unconsolidated sponsored private funds under the equity method. The Company's maximum exposure to loss is limited to the carrying value of its investment in the unconsolidated sponsored private funds, totaling $214.4 million at December 31, 2020 and $137.0 million at December 31, 2019, included within equity and debt investments and additionally at December 31, 2019, within assets held for disposition, on the consolidated balance sheets.

Securitizations

The Company previously securitized loans receivable and CRE debt securities using VIEs. Upon securitization, the Company had retained beneficial interests in the securitization vehicles, usually in the form of equity tranches or subordinate securities. The Company also acquired securities issued by securitization trusts that are VIEs. The securitization vehicles were structured as pass-through entities that receive principal and interest on the underlying mortgage loans and debt securities and distribute those payments to the holders of the notes, certificates or bonds issued by the securitization vehicles. The loans and debt securities were transferred into securitization vehicles such that these assets are restricted and legally isolated from the creditors of the Company, and therefore are not available to satisfy the Company's obligations but only the obligations of the securitization vehicles. The obligations of the securitization vehicles did not have any recourse to the general credit of the Company and its other subsidiaries.

Unconsolidated Securitizations—The Company does not consolidate the assets and liabilities of CDOs in which the Company has an interest but does not retain the collateral management function. NRF Holdco had previously delegated the collateral management rights for certain sponsored N-Star CDOs and third party-sponsored CDOs to a third party collateral manager or collateral manager delegate who is entitled to a percentage of the senior and subordinate collateral management fees. The Company continues to receive fees as named collateral manager or collateral manager delegate and retained administrative responsibilities. The Company determined that the fees paid to the third party collateral manager or collateral manager delegate represent a variable interest in the CDOs and that the third party is acting as a principal. The Company concluded that it does not have the power to direct the activities that most significantly impact the economic performance of these CDOs, which include but are not limited to, the ability to sell distressed collateral, and therefore the Company is not the primary beneficiary of such CDOs and does not consolidate these CDOs. The Company's exposure to loss is limited to its investment in these unconsolidated CDOs, comprising CDO bonds, which aggregate to $21.9 million at December 31, 2020 and $46.0 million at December 31, 2019.

Trusts

The Trusts, wholly-owned subsidiaries of NRF Holdco, formed as statutory trusts, previously issued preferred securities and used the proceeds to purchase junior subordinated notes to evidence loans made to NRF Holdco (Note 10). The Company owns all of the common stock of the Trusts but does not consolidate the Trusts as the holders of the preferred securities issued by the Trusts are the primary beneficiaries of the Trusts. The Company accounts for its interest in the Trusts under the equity method and its maximum exposure to loss is limited to its investment carrying value of $3.7 million at December 31, 2020 and December 31, 2019, recorded in investments in unconsolidated ventures on the consolidated balance sheet. The junior subordinated notes are recorded as debt on the consolidated balance sheet.

14. Stockholders' Equity

The table below summarizes the share activities of the Company's preferred and common stock.

	Number of Shares		
(In thousands)	Preferred Stock	Class A Common Stock	Class B Common Stock
Shares outstanding at December 31, 2017	65,464	542,599	736
Redemption of preferred stock	(8,000)	—	—
Shares issued upon redemption of OP Units [1]	—	2,074	—
Shares issued for settlement of contingent consideration—Internalization	—	15	40
Conversion of class B to class A common stock	—	42	(42)
Repurchase of common stock	—	(61,418)	—
Equity-based compensation, net of forfeitures	—	3,394	—
Shares canceled for tax withholding on vested stock awards	—	(3,359)	—
Shares outstanding at December 31, 2018	57,464	483,347	734
Redemption of preferred stock	(16,114)	—	—
Shares issued upon redemption of OP Units	—	188	—
Repurchase of common stock	—	(652)	—
Equity-based compensation, net of forfeitures	—	4,850	—
Shares canceled for tax withholding on vested stock awards	—	(689)	—
Shares outstanding at December 31, 2019	41,350	487,044	734
Shares issued upon redemption of OP Units	—	2,184	—
Repurchase of common stock, net [2]	—	(12,733)	—
Equity-based compensation, net of forfeitures	—	9,680	—
Shares canceled for tax withholding on vested stock awards	—	(2,769)	—
Shares outstanding at December 31, 2020	41,350	483,406	734

(1) Includes 572,567 shares of class A common stock issued upon redemption of an equivalent number of OP Units that were issued for settlement of the contingent consideration in connection with the Company's acquisition of the investment management business and operations of its former manager in 2015 (the "Internalization").

(2) Net of reissuance of 964,160 shares of class A common stock that had been repurchased by the Company during March 2020. Refer to discussion of settlement liability in Note 12.

Preferred Stock

In the event of a liquidation or dissolution of the Company, preferred stockholders have priority over common stockholders for payment of dividends and distribution of net assets.

The table below summarizes the preferred stock issued and outstanding at December 31, 2020:

Description	Dividend Rate Per Annum	Initial Issuance Date	Shares Outstanding (in thousands)	Par Value (in thousands)	Liquidation Preference (in thousands)	Earliest Redemption Date
Series G	7.5 %	June 2014	3,450	$ 35	$ 86,250	Currently redeemable
Series H	7.125 %	April 2015	11,500	115	287,500	Currently redeemable
Series I	7.15 %	June 2017	13,800	138	345,000	June 5, 2022
Series J	7.125 %	September 2017	12,600	126	315,000	September 22, 2022
			41,350	$ 414	$ 1,033,750	

All series of preferred stock are at parity with respect to dividends and distributions, including distributions upon liquidation, dissolution or winding up of the Company. Dividends on Series G, H, I and J of preferred stock are payable quarterly in arrears in January, April, July and October.

Each series of preferred stock is redeemable on or after the earliest redemption date for that series at $25.00 per share plus accrued and unpaid dividends (whether or not declared) exclusively at the Company's option. The redemption period for each series of preferred stock is subject to the Company's right under limited circumstances to redeem the preferred stock earlier in order to preserve its qualification as a REIT or upon the occurrence of a change of control (as defined in the articles supplementary relating to each series of preferred stock).

Preferred stock generally does not have any voting rights, except if the Company fails to pay the preferred dividends for six or more quarterly periods (whether or not consecutive). Under such circumstances, the preferred stock will be entitled to vote, together as a single class with any other series of parity stock upon which like voting rights have been conferred and are exercisable, to elect two additional directors to the Company's board of directors, until all unpaid dividends have been paid or declared and set aside for payment. In addition, certain changes to the terms of any series of preferred stock cannot be made without the affirmative vote of holders of at least two-thirds of the outstanding shares of each such series of preferred stock voting separately as a class for each series of preferred stock.

Redemption of Preferred Stock

The Company redeemed the remaining outstanding shares of Series B preferred stock and all outstanding shares of Series E preferred stock in December 2019, with settlement in January 2020, for $402.9 million, applying proceeds from the sale of its light industrial business. In 2018, all outstanding shares of Series D preferred stock were redeemed.

All preferred stock redemptions were at $25.00 per share liquidation preference plus accrued and unpaid dividends prorated to their respective redemption dates. The excess or deficit of the $25.00 per share liquidation preference over the carrying value of the respective preferred stock redeemed results in a decrease or increase to net income attributable to common stockholders, respectively.

Common Stock

Except with respect to voting rights, class A common stock and class B common stock have the same rights and privileges and rank equally, share ratably in dividends and distributions, and are identical in all respects as to all matters. Class A common stock has one vote per share and class B common stock has thirty-six and one-half votes per share. This gives the holders of class B common stock a right to vote that reflects the aggregate outstanding non-voting economic interest in the Company (in the form of OP Units) attributable to class B common stock holders and therefore, does not provide any disproportionate voting rights. Class B common stock was issued as consideration in the Company's acquisition in April 2015 of the investment management business and operations of its former manager, which was previously controlled by the Company's Executive Chairman. Each share of class B common stock shall convert automatically into one share of class A common stock if the Executive Chairman or his beneficiaries directly or indirectly transfer beneficial ownership of class B common stock or OP Units held by them, other than to certain qualified transferees, which generally includes affiliates and employees. In addition, each holder of class B common stock has the right, at the holder's option, to convert all or a portion of such holder's class B common stock into an equal number of shares of class A common stock.

The Company suspended dividends on its class A common stock beginning with the second quarter of 2020. Under the terms of the Company's amended credit facility, the Company is restricted from paying common dividends other than to maintain the Company's status as a REIT or to reduce income tax payments. The Company will continue to monitor its financial performance and liquidity position, and as economic conditions improve, the Company will reevaluate its dividend policy in consultation with its revolver lending group.

Common Stock Repurchases

During the first quarter of 2020 and for the years ended December 31, 2019 and 2018, the Company repurchased its class A common stock totaling 12,733,204 shares at a cost of $24.6 million, 652,311 shares at a cost of $3.2 million, and 61,417,755 shares at a cost $350.1 million, respectively, or a weighted average price of $1.93, $4.84 and $5.70 per share, respectively. These share repurchases were made pursuant to a $300 million share repurchase program that expired in May 2020 and a similar program that expired in May 2019.

Effective June 29, 2020, the Company is restricted from repurchasing additional common shares, subject to certain exceptions, under the terms of its amended corporate credit facility (Note 10).

Dividend Reinvestment and Direct Stock Purchase Plan

The Company's Dividend Reinvestment and Direct Stock Purchase Plan (the "DRIP Plan") provides existing common stockholders and other investors the opportunity to purchase shares (or additional shares, as applicable) of the Company's class A common stock by reinvesting some or all of the cash dividends received on their shares of the Company's class A common stock or making optional cash purchases within specified parameters. The DRIP Plan involves the acquisition of the Company's class A common stock either in the open market, directly from the Company as newly issued common stock, or in privately negotiated transactions with third parties. There were no shares of class A common stock acquired under the DRIP Plan in the form of new issuances in 2020 and 2019.

Accumulated Other Comprehensive Income (Loss)

The following tables present the changes in each component of AOCI attributable to stockholders and noncontrolling interests in investment entities, net of immaterial tax effect. AOCI attributable to noncontrolling interests in Operating Company is immaterial.

Changes in Components of AOCI—Stockholders

(In thousands)	Company's Share in AOCI of Equity Method Investments	Unrealized Gain (Loss) on AFS Debt Securities	Unrealized Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Gain (Loss)	Unrealized Gain (Loss) on Net Investment Hedges	Total
AOCI at December 31, 2017	$ 5,616	$ 14,418	$ —	$ 45,931	$ (18,649)	$ 47,316
Cumulative effect of adoption of new accounting pronouncements	(202)	—	—	—	—	(202)
Other comprehensive income (loss) before reclassifications	(1,785)	(16,238)	(91)	(46,183)	34,113	(30,184)
Amounts reclassified from AOCI	—	(3,951)	—	6,870	(8,446)	(5,527)
Deconsolidation of N-Star CDO	—	2,596	—	—	—	2,596
AOCI at December 31, 2018	$ 3,629	$ (3,175)	$ (91)	$ 6,618	$ 7,018	$ 13,999
Other comprehensive income (loss) before reclassifications	9,206	(4,358)	(2,563)	(5,398)	24,945	21,832
Amounts reclassified from AOCI	(3,554)	15,356	2,428	(1,081)	(1,312)	11,837
AOCI at December 31, 2019	$ 9,281	$ 7,823	$ (226)	$ 139	$ 30,651	$ 47,668
Other comprehensive income (loss) before reclassifications	8,437	1,844	(7)	52,468	16,008	78,750
Amounts reclassified from AOCI	—	(3,595)	—	225	(925)	(4,295)
AOCI at December 31, 2020	$ 17,718	$ 6,072	$ (233)	$ 52,832	$ 45,734	$ 122,123

Changes in Components of AOCI—Noncontrolling Interests in Investment Entities

(In thousands)	Unrealized Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Gain (Loss)	Unrealized Gain (Loss) on Net Investment Hedges	Total
AOCI at December 31, 2017	$ —	$ 38,948	$ 3,127	$ 42,075
Other comprehensive income (loss) before reclassifications	(390)	(39,621)	8,696	(31,315)
Amounts reclassified from AOCI	—	73	(2,179)	(2,106)
AOCI at December 31, 2018	$ (390)	$ (600)	$ 9,644	$ 8,654
Other comprehensive income (loss) before reclassifications	(5,943)	(16,848)	(1,291)	(24,082)
Amounts reclassified from AOCI	5,328	(465)	2,306	7,169
AOCI at December 31, 2019	$ (1,005)	$ (17,913)	$ 10,659	$ (8,259)
Other comprehensive income (loss) before reclassifications	(25)	101,853	5,313	107,141
Amounts reclassified from AOCI	—	(95)	(873)	(968)
AOCI at December 31, 2020	$ (1,030)	$ 83,845	$ 15,099	$ 97,914

Reclassifications out of AOCI—Stockholders

Information about amounts reclassified out of AOCI attributable to stockholders by component is presented below:

(In thousands)	Year Ended December 31,			
Component of AOCI reclassified into earnings	2020	2019	2018	Affected Line Item in the Consolidated Statements of Operations
Realized gain on marketable securities	$ —	$ —	$ 10,100	Other gain (loss), net
Relief of basis of AFS debt securities	3,595	—	—	Other gain (loss), net
Other-than-temporary impairment	—	(15,356)	(6,149)	Other gain (loss), net
Deconsolidation of N-Star CDO	—	—	(2,596)	Other gain (loss), net
Release of foreign currency cumulative translation adjustments	(225)	1,081	(6,870)	Other gain (loss), net
Unrealized gain (loss) on dedesignated net investment hedges	552	(340)	1,454	Other gain (loss), net
Realized gain on net investment hedges	373	1,652	6,992	Other gain (loss), net
Release of equity in AOCI of unconsolidated ventures	—	3,554	—	Equity method earnings (losses)

15. Noncontrolling Interests

Redeemable Noncontrolling Interests

The following table presents the activity in redeemable noncontrolling interests in the Company's digital investment management business and in consolidated open-end funds sponsored by the Company.

(In thousands)	Year Ended December 31, 2020	2019	2018
Beginning balance	$ 6,107	$ 9,385	$ 34,144
Contributions	307,414	—	354
Distributions and redemptions	(8,859)	(5,837)	(21,405)
Net income (loss)	616	2,559	(3,708)
Ending balance	$ 305,278	$ 6,107	$ 9,385

Strategic Partnership in the Company's Digital Investment Management Business

In July 2020, the Company formed a strategic partnership with affiliates of Wafra, Inc. (collectively, "Wafra"), a private investment firm and a global partner for alternative asset managers, in which Wafra made a minority investment in substantially all of the Company's digital investment management business (as defined for purposes of this transaction, the "Digital IM Business"). The investment entitles Wafra to participate in approximately 31.5% of the net management fees and carried interest generated by the Digital IM Business.

Wafra has agreed to assume certain of the Company's existing commitments made to DCP I and to make commitments to DCP II and to the Company's initial digital credit fund, in an aggregate amount of at least $130.0 million. Wafra has also agreed to make commitments to the Company's future digital funds and investment vehicles on a pro rata basis with the Company based on Wafra's percentage interest in the Digital IM Business, subject to certain caps.

In addition, the Company issued Wafra five warrants to purchase up to an aggregate of 5% (on a fully-diluted, post-transaction basis) of the Company's class A common stock. Each warrant entitles Wafra to purchase up to 5,352,000 shares of the Company's class A common stock, with staggered strike prices between $2.43 and $6.00 for each warrant, exercisable until July 17, 2026.

Consideration paid by Wafra in exchange for its investment in the Digital IM Business and for the warrants is composed of: (i) cash consideration of $253.6 million paid at closing; and (ii) contingent consideration of approximately $29.9 million to be paid if the run-rate of earnings before interest, tax, depreciation and amortization ("EBITDA") of the Digital IM Business is equal to or greater than $72.0 million as of December 31, 2020.

Under certain circumstances following such time as the Digital IM Business comprises 90% or more of the Company's assets, the Company has agreed to use commercially reasonable efforts to facilitate the conversion of Wafra's interest into shares of the Company's class A common stock. There can be no assurances that such conversion would occur or on what terms and conditions such conversion would occur, including whether such conversion, if it did occur in the future, would have any adverse impact on the Company, the Company's stock price, governance and other matters.

Wafra has customary minority rights and certain other structural protections designed to protect its interests, including redemption rights with respect to its investment in the Digital IM Business and its funded commitments in certain digital funds. Wafra's redemption rights will be triggered upon the occurrence of certain events, including key person or cause events under the governing documents of certain digital funds and for a limited period, upon Mr. Ganzi and Mr. Jenkins ceasing to fulfill certain time and attention commitments to the Digital IM business.

To further enhance the alignment of interests, the Company entered into an amended and restated restrictive covenant agreement with each of Mr. Ganzi and Mr. Jenkins, pursuant to which they agreed to certain enhanced non-solicitation provisions and extension of the term of existing non-competition agreements.

Wafra's investment provides the Company with permanent capital to pursue strategic digital infrastructure investments and grow the Digital IM Business.

Noncontrolling Interests in Investment Entities

These are interests in consolidated investment entities held by private investment funds managed by the Company, or by third party joint venture partners.

The Company's investment in its light industrial portfolio, prior to its sale in December 2019, was made alongside third party limited partners through a joint venture consolidated by the Company. The Company's ownership interest changed over time as result of capital contributions from or redemptions of limited partner interests. Limited partners were admitted or redeemed at the net asset value of the joint venture, based upon valuations determined by independent third parties, at the time of their contributions or redemptions. For the years ended December 31, 2019 and 2018, the difference between contributions or redemptions and the respective limited partners' share of the joint venture resulted in a net increase to additional paid-in capital of $12.4 million and $34.1 million, respectively.

Noncontrolling Interests in Operating Company

Certain current and former employees of the Company directly or indirectly own interests in OP, presented as noncontrolling interests in the Operating Company. Noncontrolling interests in OP have the right to require OP to redeem part or all of such member’s OP Units for cash based on the market value of an equivalent number of shares of class A common stock at the time of redemption, or at the Company's election as managing member of OP, through issuance of shares of class A common stock (registered or unregistered) on a one-for-one basis. At the end of each period, noncontrolling interests in OP is adjusted to reflect their ownership percentage in OP at the end of the period, through a reallocation between controlling and noncontrolling interests in OP.

Issuance of OP Units—The Company issued 21,478,515 OP Units in July 2019 and 612,072 OP Units in December 2019 as part of the consideration for the acquisitions of DBH, valued at $111.9 million, and DataBank, valued at $3.0 million, based upon the closing price of the Company's class A common stock on July 24, 2019 and December 20, 2019, respectively (Note 3). There were no OP Units issued in the year ended December 31, 2020.

Redemption of OP Units—The Company redeemed 2,184,395 OP Units during the year ended December 31, 2020 and 187,995 OP Units during the year ended December 31, 2019, with the issuance of an equal number of shares of class A common stock on a one-for-one basis.

16. Discontinued Operations

Discontinued operations represent the following:

- *Hotel*—operations of the Company's Hospitality segment and the THL Hotel Portfolio in the Other segment in all periods; and
- *Industrial*—(i) operations of the light industrial portfolio and the related management platform prior to its sale in December 2019, which included fee income and general partner interest in the industrial open-end fund that earned carried interest, and interests of all limited partners in the industrial closed-end and open-end funds who represented noncontrolling interests; (ii) final adjustments to net sales proceeds from the light industrial business upon release of escrowed funds in 2020, resulting in a net loss of $7.4 million; and (iii) operations of the bulk industrial portfolio prior to its sale in December 2020 and a gain on sale recorded based upon depreciated carrying values.

Income (loss) from discontinued operations is presented below.

(In thousands)	Year Ended December 31, 2020 Hotel	Industrial	Total	Year Ended December 31, 2019 Hotel	Industrial	Total	Year Ended December 31, 2018 Hotel	Industrial	Total
Revenues									
Property operating income	$ 573,787	$ 20,217	$ 594,004	$ 1,119,045	$ 346,431	$ 1,465,476	$ 1,193,636	$ 288,367	$ 1,482,003
Fee income	—	—	—	—	11,646	11,646	—	7,378	7,378
Interest and other income	185	79	264	486	5,163	5,649	1,374	3,775	5,149
Revenues from discontinued operations	573,972	20,296	594,268	1,119,531	363,240	1,482,771	1,195,010	299,520	1,494,530
Expenses									
Property operating expense	489,975	5,993	495,968	757,555	93,440	850,995	805,161	84,162	889,323
Interest expense	157,287	6,665	163,952	228,729	91,863	320,592	218,278	42,713	260,991
Investment and servicing expense	16,811	20	16,831	17,612	658	18,270	15,033	436	15,469
Transaction costs	4,500	—	4,500	—	—	—	—	—	—
Depreciation and amortization	144,499	2,340	146,839	182,198	106,470	288,668	191,321	129,104	320,425
Impairment loss	1,107,133	—	1,107,133	59,913	—	59,913	86,841	948	87,789
Compensation expense—cash and equity-based [(1)]	4,395	82	4,477	5,322	29,791	35,113	6,512	11,156	17,668
Compensation expense—carried interest	—	(489)	(489)	—	35,170	35,170	—	4,696	4,696
Administrative expenses	2,937	1,199	4,136	2,252	6,089	8,341	1,682	4,803	6,485
Expenses from discontinued operations	1,927,537	15,810	1,943,347	1,253,581	363,481	1,617,062	1,324,828	278,018	1,602,846
Other income (loss)									
Gain on sale of real estate	—	15,936	15,936	913	1,457,892	1,458,805	4,618	7,633	12,251
Other gain (loss), net	9,732	—	9,732	804	1,338	2,142	(1,460)	—	(1,460)
Equity method earnings (losses), including carried interest	—	(115)	(115)	—	41,258	41,258	—	10,636	10,636
Income (loss) from discontinued operations before income taxes	(1,343,833)	20,307	(1,323,526)	(132,333)	1,500,247	1,367,914	(126,660)	39,771	(86,889)
Income tax benefit (expense)	(2,662)	15	(2,647)	(27)	1,550	1,523	9,866	(189)	9,677
Income (loss) from discontinued operations	(1,346,495)	20,322	(1,326,173)	(132,360)	1,501,797	1,369,437	(116,794)	39,582	(77,212)
Income (loss) from discontinued operations attributable to:									
Noncontrolling interests in investment entities	(172,419)	10,651	(161,768)	(20,758)	989,358	968,600	(14,380)	21,260	6,880
Noncontrolling interests in Operating Company	(116,350)	955	(115,395)	(9,404)	49,391	39,987	(6,074)	1,113	(4,961)
Income (loss) from discontinued operations attributable to Colony Capital, Inc.	$ (1,057,726)	$ 8,716	$ (1,049,010)	$ (102,198)	$ 463,048	$ 360,850	$ (96,340)	$ 17,209	$ (79,131)

(1) Includes equity-based compensation of $0.8 million in 2020, $9.7 million in 2019 and $4.0 million in 2018.

17. Earnings per Share

The following table provides the basic and diluted earnings per common share computations:

(In thousands, except per share data)	Year Ended December 31, 2020	2019	2018
Net loss allocated to common stockholders			
Loss from continuing operations	$ (2,464,237)	$ (1,518,352)	$ (417,963)
(Income) loss from continuing operations attributable to noncontrolling interests	837,488	108,695	(22,513)
Loss from continuing operations attributable to Colony Capital, Inc.	(1,626,749)	(1,409,657)	(440,476)
Income (loss) from discontinued operations attributable to Colony Capital, Inc.	(1,049,010)	360,850	(79,131)
Net loss attributable to Colony Capital, Inc.	(2,675,759)	(1,048,807)	(519,607)
Preferred dividends	(75,023)	(108,550)	(117,097)
Net loss attributable to common stockholders	(2,750,782)	(1,152,207)	(632,709)
Net income allocated to participating securities	(1,250)	(3,491)	(2,504)
Net loss allocated to common stockholders—basic	(2,752,032)	(1,155,698)	(635,213)
Interest expense attributable to convertible and exchangeable notes [(1)]	—	—	—
Net loss allocated to common stockholders—diluted	$ (2,752,032)	$ (1,155,698)	$ (635,213)
Weighted average common shares outstanding			
Weighted average number of common shares outstanding—basic	473,558	479,588	496,993
Weighted average effect of dilutive shares [(1)(2)(3)]	—	—	—
Weighted average number of common shares outstanding—diluted	473,558	479,588	496,993
Income (loss) per share—basic			
Loss from continuing operations	$ (3.60)	$ (3.16)	$ (1.12)
Income (loss) from discontinued operations	(2.21)	0.75	(0.16)
Net loss attributable to common stockholders per common share—basic	$ (5.81)	$ (2.41)	$ (1.28)
Income (loss) per share—diluted			
Loss from continuing operations	$ (3.60)	$ (3.16)	$ (1.12)
Income (loss) from discontinued operations	(2.21)	0.75	(0.16)
Net loss attributable to common stockholders per common share—diluted	$ (5.81)	$ (2.41)	$ (1.28)

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(1) For the years ended December 31, 2020, 2019 and 2018, excluded from the calculation of diluted earnings per share is the effect of adding back $29.9 million, $28.2 million and $28.6 million of interest expense, respectively, and 87,478,400, 38,112,100, and 38,112,100 of weighted average dilutive common share equivalents, respectively, for the assumed conversion or exchange of the Company's outstanding convertible and exchangeable notes, as their inclusion would be antidilutive.

(2) The calculation of diluted earnings per share excludes the effect of weighted average unvested non-participating restricted shares of 74,100 and 571,500 for the years ended December 31, 2019 and 2018 , respectively, as the effect would be antidilutive. No unvested non-participating restricted shares were outstanding during the year ended December 31, 2020. The calculation of diluted earnings per share also excludes the effect of weighted average shares of class A common stock that are contingently issuable in relation to performance stock units (Note 19) of 5,776,800, 990,700 and 532,900 for the years ended December 31, 2020, 2019 and 2018, respectively. Also excluded from the calculation of diluted earnings per share is the effect of weighted average shares of class A common stock that are issuable to net settle the exercise of warrants (Note 15) of 862,200 for the year ended December 31, 2020 as the effect would be antidilutive.

(3) OP Units, subject to lock-up agreements, may be redeemed for registered or unregistered class A common stock on a one-for-one basis. At December 31, 2020, 2019 and 2018 there were 51,076,700, 53,261,100 and 31,358,500 redeemable OP Units, respectively. These OP Units would not be dilutive and were not included in the computation of diluted earnings per share for all periods presented.

18. Fee Income

The Company's real estate investment management platform manages capital on behalf of institutional and retail investors in private funds, traded and non-traded REITs, and other investment vehicles for which the Company earns fee income. For investment vehicles in which the Company co-sponsors with a third party or for which the Company engages a third party sub-advisor, such fee income is shared with the respective co-sponsor or sub-advisor.

Fee income in 2019 and 2018, as presented below, excludes management fees from the Company's open-end light industrial fund, which is included in income from discontinued operations (Note 16) prior to the sale of the Company's light industrial platform in December 2019.

The Company earns fee income from the following sources:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Institutional funds and other investment vehicles	$ 129,086	$ 82,188	$ 48,624
Public companies (CLNC, and NRE prior to its sale in September 2019)	29,739	118,049	65,258
Non-traded REIT	17,170	19,896	29,597
Other	1,760	3,782	964
	$ 177,755	$ 223,915	$ 144,443

The following table presents the Company's fee income by type:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Base management fees ($169,518, $151,452 and $130,384 from affiliates, respectively)	$ 169,813	$ 152,189	$ 131,406
Asset management fees ($2,430, $2,371 and $2,078 from affiliates, respectively)	3,273	3,559	2,078
Acquisition and disposition fees—from affiliates	—	—	1,922
Incentive and termination fees—from affiliates ($35, $64,555, and $5,445 from affiliates, respectively)	35	64,555	5,445
Other fee income ($4,541, $2,206 and $3,389 from affiliates, respectively)	4,634	3,612	3,592
Total fee income	$ 177,755	$ 223,915	$ 144,443

Base Management Fees—The Company earns base management fees for the day-to-day operations and administration of its managed private funds, traded and non-traded REITs, and other investment vehicles, calculated as follows:

- Private Funds and similar investment vehicles—generally (a) 1% per annum of limited partners' net funded capital, or (b) 0.9% to 1.75% per annum of investors' committed capital during commitment or investment period and thereafter, of contributed or invested capital;
- CLNC—1.5% per annum of CLNC's stockholders' equity (as defined in its management agreement), with a reduction in fee base to reflect CLNC's reduced book value effective in the beginning of the fourth quarter of 2019;
- Non-Traded REIT—1.5% per annum of most recently published NAV (as may be subsequently adjusted for any special distribution) for NorthStar Healthcare, and prior to closing of the Combination on January 31, 2018, 1% to 1.25% per annum of gross assets for NorthStar I and NorthStar II. $2.5 million per quarter of base management fee for NorthStar Healthcare is paid in shares of NorthStar Healthcare common stock at a price per share equal to its most recently published NAV per share (as may be subsequently adjusted for any special distribution); and
- NorthStar Realty Europe ("NRE")—prior to the September 30, 2019 sale of NRE, previously a publicly-traded REIT managed by the Company, and concurrent termination of its management contract, a variable fee of 1.5% per annum of NRE's reported European Public Real Estate Association NAV ("EPRA NAV" as defined in its management agreement) for EPRA NAV up to and including $2.0 billion, and 1.25% per annum for EPRA NAV amounts exceeding $2.0 billion.

Asset Management Fees—The Company earns asset management fees from its managed private funds, which represents a one-time fee upon closing of each investment, calculated as a fixed percentage, generally 0.5% of the limited partners' net funded capital on each investment.

Acquisition and Disposition Fees—Prior to closing of the Combination on January 31, 2018, the Company earned from NorthStar I and NorthStar II an acquisition fee of 1% of the amount funded or allocated to originate or acquire an investment, and a disposition fee of 1% to 2% of the contractual sales price for disposition of an investment.

Incentive Fees—The Company may earn incentive fees from CLNC, and prior to its termination, from NRE, determined based on the performance of the investment vehicles subject to the achievement of minimum return hurdles in accordance with the terms set out in their respective governing agreements. A portion of the incentive fees earned by the Company (generally 40% to 50%) is allocable to senior management, investment professionals and certain other employees of the Company, included in carried interest and incentive fee compensation expense. There were no incentive fees earned in 2020.

Termination of the NRE management contract in September 2019 resulted in payment and recognition of a termination fee to the Company of $64.6 million, of which $21.5 million represents incentive fees earned for fiscal year 2019 through the date of termination.

Other Fee Income—Other fees include service fees for information technology and operational support services and facilities to portfolio companies, advisory fees, and licensing fee on the Company's proprietary real estate index, a rules-based strategy that invests in common stock of U.S. REITs.

19. Equity-Based Compensation

The Colony Capital, Inc. 2014 Omnibus Stock Incentive Plan (the "Equity Incentive Plan") provides for the grant of restricted stock, performance stock units ("PSUs"), Long Term Incentive Plan ("LTIP") units, restricted stock units ("RSUs"), deferred stock units ("DSUs"), options, warrants or rights to purchase shares of the Company's common stock, cash incentives and other equity-based awards to the Company's officers, directors (including non-employee directors), employees, co-employees, consultants or advisors of the Company or of any parent or subsidiary who provides services to the Company. Shares reserved for the issuance of awards under the Equity Incentive Plan are subject to equitable adjustment upon the occurrence of certain corporate events, provided that this number automatically increases each January 1st by 2% of the outstanding number of shares of the Company’s class A common stock on the immediately preceding December 31st. At December 31, 2020, an aggregate 64.1 million shares of the Company's class A common stock were reserved for the issuance of awards under the Equity Incentive Plan.

Restricted Stock—Restricted stock awards relating to the Company's class A common stock are granted to senior executives, directors and certain employees, with a service condition only and are generally subject to annual time-based vesting in equal tranches over a three-year period. Restricted stock is entitled to dividends declared and paid on the Company's class A common stock and such dividends are not forfeitable prior to vesting of the award. Restricted stock awards are valued based on the Company's class A common stock price on grant date and equity-based compensation expense is recognized on a straight-line basis over the requisite three-year service period.

Restricted Stock Units ("RSUs")—RSUs relating to the Company's class A common stock are subject to a performance condition. Vesting of performance-based RSUs occur upon achievement of certain Company-specific metrics over a performance measurement period. Only vested RSUs are entitled to accrued dividends declared and paid on the Company's class A common stock during the time period the RSUs were outstanding. Fair value of RSUs are based on the Company's class A common stock price on grant date. Equity-based compensation expense is recognized when it becomes probable that the performance condition will be met.

Performance Stock Units ("PSUs")—PSUs are granted to senior executives and certain employees, and are subject to both a service condition and market condition. Following the end of the measurement period for the PSUs, the recipients of PSUs who remain employed will vest in, and be issued a number of shares of the Company's class A common stock, generally ranging from 0% to 200% of the number of PSUs granted, to be determined based upon the performance of the Company's class A common stock either relative to that of a specified peer group or against a target stock price over a three-year measurement period (such measurement metric the "total shareholder return"). In addition, recipients of PSUs whose employment is terminated after the first anniversary of the PSU grant are eligible to vest in a portion of the PSU award following the end of the measurement period based on achievement of the total shareholder return metric otherwise applicable to the award. PSUs also contain dividend equivalent rights which entitle the recipients to a payment equal to the amount of dividends that would have been paid on the shares that are ultimately issued at the end of the measurement period.

Fair value of PSUs, including dividend equivalent rights, was determined using a Monte Carlo simulation under a risk-neutral premise, with the following assumptions:

	2020 PSU Grants	2019 PSU Grants	2018 PSU Grant [4]
Expected volatility of the Company's class A common stock [1]	34.1%	26.2%	29.0%
Expected annual dividend yield [2]	9.3%	8.5% - 8.7%	7.3%
Risk-free rate (per annum) [3]	0.4%	2.2% - 2.4%	2.1%

(1) Based upon the Company's historical stock volatility or in combination with historical stock volatility of a specified peer group, or a combination of historical volatility and implied volatility on actively traded stock options of a specified peer group.

(2) Based upon a combination of historical dividend yields and current annualized dividends.

(3) Based upon the continuously compounded zero-coupon U.S. Treasury yield for the term coinciding with the remaining measurement period of the award as of valuation date.

(4) Reflects assumptions applied in valuing the award upon modification in February 2019.

Fair value of PSU awards, excluding dividend equivalent rights, is recognized on a straight-line basis over their measurement period as compensation expense, and is not subject to reversal even if the market condition is not achieved. The dividend equivalent right is accounted for as a liability-classified award. The fair value of the dividend equivalent right is recognized as compensation expense on a straight-line basis over the measurement period, and is subject to adjustment to fair value at each reporting period.

LTIP Units—LTIP units are units in the Operating Company that are designated as profits interests for federal income tax purposes. Unvested LTIP units that are subject to market conditions do not accrue distributions. Each vested LTIP unit is convertible, at the election of the holder (subject to capital account limitation), into one common OP Unit and upon conversion, subject to the redemption terms of OP Units (Note 15).

LTIP units issued have either (1) a service condition only, valued based upon the Company's class A common stock price on grant date; or (2) both a service condition and a market condition based upon the Company's class A common stock achieving target prices over predetermined measurement periods subject to continuous employment to the time of vesting, valued using a Monte Carlo simulation.

The following assumptions were applied in the Monte Carlo model under a risk-neutral premise:

	2020 LTIP Grant	2019 LTIP Grant (1)
Expected volatility of the Company's class A common stock (2)	43.1%	28.3%
Expected dividend yield (3)	0.0%	8.1%
Risk-free rate (per annum) (4)	0.2%	1.8%

(1) Represents 10 million LTIP units granted to Marc Ganzi in connection with the acquisition of DBH in July 2019, with vesting based upon achievement of the Company's class A common stock price closing at or above $10.00 over any 90 consecutive trading days prior to the fifth anniversary of the grant date.

(2) Based upon historical volatility of the Company's stock and those of a specified peer group.

(3) Based upon the Company's most recently issued dividend prior to grant date and closing price of the Company's class A common stock on grant date. Expected dividend yield is zero for the 2020 LTIP award as the Company suspended common dividends beginning with the second quarter of 2020.

(4) Based upon the continuously compounded zero-coupon US Treasury yield for the term coinciding with the measurement period of the award as of valuation date.

Equity-based compensation cost on LTIP units is recognized on a straight-line basis either over (1) the service period for awards with a service condition only; or (2) the derived service period for awards with both a service condition and a market condition, irrespective of whether the market condition is satisfied. The derived service period is a service period that is inferred from the application of the simulation technique used in the valuation of the award, and represents the median of the terms in the simulation in which the market condition is satisfied.

Deferred Stock Units—Certain non-employee directors may elect to defer the receipt of annual base fees and/or restricted stock awards, and in lieu, receive awards of DSUs. DSUs awarded in lieu of annual base fees are fully vested on their grant date, while DSUs awarded in lieu of restricted stock awards vest one year from their grant date. DSUs are entitled to a dividend equivalent, in the form of additional DSUs based on dividends declared and paid on the Company's class A common stock. Any such additional DSUs will also be credited with additional DSUs as cash dividends are paid, subject to the same restrictions and vesting conditions, where applicable. Upon separation of service from the Company, vested DSUs will be settled in shares of the Company’s class A common stock. Fair value of DSUs are determined based on the price of the Company's class A common stock on grant date and recognized immediately if fully vested upon grant, or on a straight-line basis over the vesting period as equity based compensation expense and equity.

Equity-based compensation expense, excluding amounts related to the industrial and hotel businesses which are presented as discontinued operations (Note 16), is as follows:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Compensation expense (including $568, $345 and $270 amortization of fair value of dividend equivalent rights)	$ 34,156	$ 29,899	$ 37,839

Changes in the Company’s unvested equity awards are summarized below:

	Restricted Stock	LTIP Units [1]	DSUs	RSUs [2]	PSUs [3]	Total	Weighted Average Grant Date Fair Value	
							PSUs	All Other Awards
Unvested shares and units at December 31, 2019	7,641,708	10,000,000	265,784	—	5,680,195	23,587,687	$ 3.66	$ 3.25
Granted	10,130,282	1,845,018	672,910	10,799,244	4,324,375	27,771,829	1.64	2.20
Vested	(6,426,591)	—	(613,817)	—	—	(7,040,408)	—	4.96
Forfeited	(616,687)	—	—	(1,209,680)	(68,679)	(1,895,046)	3.71	3.74
Unvested shares and units at December 31, 2020	10,728,712	11,845,018	324,877	9,589,564	9,935,891	42,424,062	2.78	2.10

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(1) Represents the number of LTIP units granted subject to vesting based upon achievement of market condition. LTIP units that do not meet the market condition within the measurement period will be forfeited.

(2) Represents the number of RSUs granted that are subject to vesting only upon achievement of performance condition. RSUs that do not meet the performance condition at the end of the measurement period will be forfeited.

(3) Represents the number of PSUs granted, which does not reflect potential increases or decreases that could result from the final outcome of the total shareholder return measured at the end of the performance period.

Fair value of equity awards that vested, determined based on their respective fair values at vesting date, was $17.9 million in 2020, $14.7 million in 2019 and $111.2 million in 2018.

At December 31, 2020, aggregate unrecognized compensation cost for all unvested equity awards was $57.2 million, which is expected to be recognized over a weighted average period of 2.5 years.

Awards Granted by Managed Companies

CLNC and NRE, both managed by the Company prior to termination of NRE's management agreement concurrent with the sale of NRE in September 2019, issued restricted stock and performance stock units to the Company and certain of the Company's employees (collectively, "managed company awards"). CLNC awards are primarily restricted stock grants that typically vest over a three-year period, subject to service conditions. NRE awards generally had similar terms as the Company's stock awards, except that the NRE performance stock units measured NRE's stock performance against either an absolute total shareholder return threshold or relative to the performance of a specified market index. Employees were entitled to receive shares of NRE common stock if service conditions and/or market conditions were met. Generally, the Company grants the managed company awards that it receives in its capacity as manager to its employees with substantially the same terms and service requirements. Such grants are made at the discretion of the Company, and the Company may consult with the board of directors or compensation committees of the respective managed companies as to final allocation of awards to its employees.

Managed company awards granted to the Company, pending grant by the Company to its employees, are recognized based upon their fair value at grant date as other assets and other liabilities on the consolidated balance sheet. The deferred revenue liability is amortized into other income as the awards vest to the Company.

Managed company awards granted to employees, either directly or through the Company, are recorded as other asset and other liability, and amortized on a straight-line basis as equity-based compensation expense and as other income, respectively, as the awards vest to the employees. The other asset and other liability associated with managed company awards granted to employees are subject to adjustment to fair value at each reporting period, with changes reflected in equity-based compensation and other income, respectively.

Equity-based compensation expense recognized related to managed company awards was $2.1 million in 2020, $32.3 million in 2019 and $9.6 million in 2018. A corresponding amount is recognized in other income for managed company awards granted to employees (Note 20). At December 31, 2020, aggregate unrecognized compensation cost for unvested managed company awards of CLNC was $2.3 million, which is expected to be recognized over a weighted average period of 1 year.

20. Transactions with Affiliates

Affiliates include (i) private funds, traded and non-traded REITs and other investment vehicles that the Company manages or sponsors, and in which the Company may have an equity interest or co-invests with; (ii) the Company's investments in unconsolidated ventures; and (iii) directors, senior executives and employees of the Company (collectively, "employees").

Amounts due from and due to affiliates consist of the following:

(In thousands)	December 31, 2020	December 31, 2019
Due from Affiliates		
Investment vehicles, portfolio companies and unconsolidated ventures		
Fee income	$ 32,259	$ 36,106
Cost reimbursements and recoverable expenses	15,655	14,624
Loan and interest receivable	35,089	—
Employees and other affiliates	541	750
	$ 83,544	$ 51,480
Due to Affiliates		
Employees and other affiliates	$ 601	$ 34,064

Transactions with affiliates include the following:

Fee Income—Fee income earned from investment vehicles that the Company manages and/or sponsors, and may have an equity interest or co-investment, are presented in Note 18.

Cost Reimbursements—The Company received cost reimbursement income related primarily to the following arrangements:

- Direct and indirect operating costs, including but not limited to compensation, overhead and other administrative costs, for managing the operations of non-traded REITs and CLNC, with reimbursements for non-traded REITs limited to the greater of 2% of average invested assets or 25% of net income (net of base management fees);
- Direct costs of personnel dedicated solely to NRE (prior to termination of management agreement concurrent with sale of NRE in September 2019) plus 20% of such personnel costs for related overhead charges, not to exceed, in aggregate, specified thresholds as set out in the NRE management agreement;
- Costs incurred in performing investment due diligence for NorthStar Healthcare and private funds managed by the Company;
- Equity awards granted to employees of the Company by CLNC and NRE (prior to termination of the NRE management agreement), which are presented gross as other income and compensation expense (Note 19);
- Services provided to the Company's unconsolidated investment ventures for servicing and managing their loan portfolios, including foreclosed properties, and services to the Digital Colony Manager joint venture prior to the Company's acquisition of DBH in July 2019; and
- Administrative services provided to certain senior executives of the Company.

Cost reimbursements, included in other income, are as follows. Amounts related to NRE pertain to periods prior to termination of its management agreement in September 2019.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Retail companies	$ 3,513	$ 3,098	$ 4,672
Public companies (CLNC, NRE)	8,974	14,442	10,747
Private investment vehicles and other	9,392	14,059	9,198
Equity awards of CLNC and NRE (Note 19)	1,976	32,627	10,078
	$ 23,855	$ 64,226	$ 34,695

Recoverable Expenses—The Company pays organization and offering costs associated with the formation and capital raising of investment vehicles sponsored by the Company, for which the Company recovers from these investment vehicles up to specified thresholds, as applicable.

NorthStar Healthcare Credit Facility—The Company has committed to provide NorthStar Healthcare with an unsecured revolving credit facility at market terms with a maximum principal amount of $35.0 million. The credit facility matures in December 2022, with a six-month extension option. Advances under the credit facility accrue interest at LIBOR plus 3.5%. There is no commitment fee for the unused portion of the facility. The credit facility is intended to provide additional liquidity to NorthStar Healthcare on an as needed basis. In April 2020, the credit facility was drawn for the full amount of $35.0 million and remained outstanding at December 31, 2020. There were no amounts outstanding at December 31, 2019.

Liquidating Trust—In the formation of CLNC through a merger with NorthStar I and NorthStar II, non-traded REITs previously sponsored by the Company, a certain loan receivable previously held by NorthStar I was not transferred to CLNC, for which the Company acquired a senior participation interest at par, and the remaining junior participation interest ("NorthStar I Retained Asset") was transferred to a liquidating trust. The Company entered into a management services agreement with the liquidating trust to service and assist in the potential sale of the NorthStar I Retained Asset, and to provide administrative services on such terms and conditions as approved by the trustees for a management fee of 1.25% per annum of the net assets of the liquidating trust. Such fee amount is immaterial. In October 2020, the loan was paid off at a discount and the liquidating trust was liquidated and dissolved in November 2020.

Deferred Consideration—In the acquisition of DBH in July 2019 (Note 3), payment of a portion of the cash consideration to the principals of DBH, including Marc Ganzi, who became employees or affiliate of the Company post-acquisition, was deferred until the expiration of certain customary seller indemnification obligations. The entire deferred consideration of $32.5 million was paid in May 2020.

Digital Real Estate Acquisitions—In connection with the acquisition of third party interests in DataBank in December 2019 (Note 3), Marc Ganzi and Ben Jenkins entered into voting agreements with the Company, which provided the Company with majority voting power over DataBank's board of directors. Additionally, in exchange for incentive units owned by Messrs. Ganzi and Jenkins allocable to the DataBank stake acquired by the Company, the Company issued OP Units with a value of $3 million, which are subject to a multi-year lockup. The value represents consideration paid to Messrs. Ganzi and Jenkins by the Company for such incentive units in connection with its investment in DataBank, which was in addition to the cash consideration paid to third parties by the Company for its acquired interests in DataBank. As a result, the Company will not be subject to future carried interest payments to Messrs. Ganzi and Jenkins with respect to the Company's investment in DataBank.

In connection with acquisition of Vantage SDC in July 2020 (Note 3), the Company entered into a series of agreements with Messrs. Ganzi and Jenkins, and their respective affiliates, pursuant to which Messrs. Ganzi and Jenkins invested $8.7 million and $2.1 million, respectively, in Vantage SDC alongside the Company and the co-investors on the same economic terms. Such amounts invested represented 40% of carried interest payments received by each of Messrs. Ganzi and Jenkins in connection with Vantage SDC acquisition as a result of their respective personal investments in Vantage made prior to the Company's acquisition of DBH (such carried interest was determined excluding any additional future payments that may be payable if certain leasing milestones are achieved). Additionally, the day-to-day operations of Vantage SDC will continue to be managed by the existing management company of Vantage, in which Messrs. Ganzi and Jenkins own a 50% interest in the aggregate. Fees paid to the Vantage management company for Vantage SDC was $5.4 million for 2020.

In December 2020, DataBank acquired the zColo colocation business from Zayo, which is a portfolio company of DCP I and other co-invest vehicles sponsored and managed by the Company.

In the aforementioned transactions, the Company took a series of steps to mitigate conflicts in the transactions, including receiving fairness opinions on the purchase price from a nationally recognized third party valuation firm. Additionally, the transactions, specifically the related party aspects of the transactions, were subject to the approval of either the Company's board of directors or the audit committee of the board of directors.

Arrangements with Company-Sponsored Private Funds—The Company co-invests alongside its sponsored private funds through joint ventures between the Company and the sponsored private fund. These co-investment joint ventures are consolidated by the Company. The Company has capital commitments, as general partner, directly into the private funds and as an affiliate of the general partner, capital commitments satisfied through co-investment joint ventures. In connection with the Company's commitments as an affiliate of the general partner, the Company is allocated a proportionate share of the costs of the private funds such as financing and administrative costs. Such costs expensed in the three years presented were immaterial and relate primarily to the Company's share of the fund's operating costs and deferred financing costs on borrowings of the fund.

Equity Awards of CLNC and NRE—As discussed in Note 19, CLNC and NRE (prior to termination of the NRE management agreement) grant equity awards to the Company and certain of the Company's employees, either directly or indirectly through the Company, are recognized as a gross-up of equity-based compensation expense over the vesting period with a corresponding amount in other income.

Investment in Managed Investment Vehicles—Subject to the Company's related party policies and procedures, senior management, investment professionals and certain other employees may invest on a discretionary basis in investment vehicles sponsored by the Company, either directly in the vehicle or indirectly through the general partner entity. These investments are generally not subject to management fees, but otherwise bear their proportionate share of other operating expenses of the investment vehicles. At December 31, 2020 and 2019, such investments in consolidated investment vehicles and general partner entities totaled $19.1 million and $4.0 million, respectively, reflected in redeemable noncontrolling interests and noncontrolling interests on the balance sheet. Their share of net income was $9.5 million in 2020, $2.5 million in 2019 and $0.4 million in 2018.

Aircraft—The Company, through its subsidiary, Colony Capital Advisors, LLC, has entered into a time sharing agreement with Thomas J. Barrack, Jr., the Company's Executive Chairman, under which Mr. Barrack may use the Company's aircraft for personal travel. Under this arrangement, Mr. Barrack pays the Company for personal usage based on the incremental cost to the Company, including direct and indirect variable costs, but in no case more than the maximum reimbursement permitted by the Federal Aviation Regulations under the agreement. Mr. Barrack reimbursed the Company $0.7 million in 2020, $1.4 million in 2019 and $0.7 million in 2018. The Company's aircraft was sold in January 2021.

Separately, pursuant to Mr. Ganzi's employment agreement, as amended, the Company has agreed to reimburse Mr. Ganzi for certain variable operational costs of business travel on a chartered or private jet (including any aircraft that Mr. Ganzi may partially or fully own); provided that the Company will not reimburse the allocable share (based on the number of passengers) of variable operational costs for any passenger on such flight who is not traveling on Company business. Additionally, the Company has also agreed to reimburse Mr. Ganzi for certain defined fixed costs of any aircraft owned by Mr. Ganzi. The fixed cost reimbursements will be made based on an allocable portion of an aircraft's annual budgeted cash fixed operating costs, based on the number of hours the aircraft will be used for business purposes. At least once a year, the Company will reconcile the budgeted fixed operating costs with the actual fixed operating costs of the aircraft, and the Company or Mr. Ganzi, as applicable, will make a true-up payment for any difference. The Company reimbursed Mr. Ganzi $1.8 million in 2020 and $0.3 million in 2019, respectively.

21. Income Taxes

The Company is subject to income tax laws of the various jurisdictions in which it operates, including U.S. federal, state and local and non-U.S. jurisdictions, primarily in Europe. The Company's current primary sources of income subject to tax are income from its investment management business, operations of its hotel and healthcare portfolios as well as real estate and loan investments in Europe.

Income Tax Benefit (Expense)

The components of current and deferred tax benefit (expense), excluding amounts related to the hotel and industrial businesses presented as discontinued operations (Note 16), are as follows.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Current			
Federal	$ (20,173)	$ (5,957)	$ 4,995
State and local	(397)	(2,859)	1,736
Foreign	1,252	(12,459)	(13,698)
Total current tax benefit (expense)	(19,318)	(21,275)	(6,967)
Deferred			
Federal	33,238	(137)	53,991
State and local	5,784	2,286	(68)
Foreign	(9,665)	5,150	3,148
Total deferred tax benefit (expense)	29,357	7,299	57,071
Income tax benefit (expense) on continuing operations	$ 10,039	$ (13,976)	$ 50,104

Deferred Income Tax Assets and Liabilities

Deferred tax assets are included in other assets, which excludes $4.8 million and $12.6 million related to assets held for disposition at December 31, 2020 and 2019, respectively. Deferred tax liabilities are included in accrued and other liabilities.

The components of deferred tax assets, excluding amounts related to the hotel business that is held for disposition, and deferred tax liabilities arising from temporary differences are as follows.

(In thousands)	December 31, 2020	December 31, 2019
Deferred tax assets		
Net operating and capital loss carry forwards [(1)]	$ 100,684	$ 54,372
Equity-based compensation	12,909	23,410
Real estate, leases and related intangible liabilities	110,546	12,731
Straight-line and prepaid rent	9,674	3,520
Deferred income	1,121	5,816
Deferred interest expense	21,664	11,462
Lease liability—corporate offices	10,385	6,270
Other	178	390
Gross deferred tax assets	267,161	117,971
Valuation allowance	(84,799)	(20,565)
Deferred tax assets, net of valuation allowance	182,362	97,406
Deferred tax liabilities		
Real estate, leases and related intangible assets	275,844	209,474
Investment in partnerships	9,739	1,051
Other intangible assets	17,277	31,124
ROU lease asset—corporate offices	5,208	9,420
Gross deferred tax liabilities	308,068	251,069
Net deferred tax liability	$ (125,706)	$ (153,663)

(1) At December 31, 2020 and 2019, deferred tax assets were recognized on NOL (prior to establishment of valuation allowances) of $385.9 million and $217.5 million, respectively (excluding NOL, prior to establishment of valuation allowances, of $157.6 million and $52.2 million, respectively, related to the hotel business that is held for disposition). NOL attributable to U.S. federal and state generally begin to expire in 2031, except those U.S federal and foreign losses incurred after December 31, 2017 which can generally be carried forward indefinitely.

Valuation Allowance—Of the valuation allowance of $84.8 million at December 31, 2020, $64.2 million of the allowance was established during 2020, primarily driven by uncertainties in future realization of tax benefit on NOL and taking into consideration decreases in value of the underlying real estate assets. This excludes valuation allowance of $47.1 million at December 31, 2020 on deferred tax assets associated with the hotel business that is held for disposition, of which $41.3 million of the allowance was established during 2020.

Effect of CARES Act—The Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was enacted on March 27, 2020. Among other things, the CARES Act temporarily removed the 80% limitation on the amount of taxable income that can be offset with NOL for 2019 and 2020, and allowed for a carryback of NOL generated in years 2018 through 2020 to the five preceding taxable years of the loss. The Company has approximately $76.2 million of NOL available for carryback under the CARES Act and recorded $3.6 million of income tax benefit to reflect the carryback. The Company also reclassified $17.9 million of deferred tax asset to current tax receivable as of December 31, 2020, which reflects refunds received or expected to be received in the next twelve months. These amounts exclude $16.7 million of carryback NOL, $2.0 million of income tax benefit recorded and $5.6 million of deferred tax asset reclassified to current tax in connection with the hotel business that is held for disposition.

Effective Income Tax

The Company's income tax benefit (expense) attributable to continuing operations varied from the amount computed by applying the statutory income tax rate to loss from continuing operations before income taxes. A reconciliation of the statutory U.S. income tax to the Company's effective income tax attributable to continuing operations is presented as follows:

(Amounts in thousands)	Year Ended December 31, 2020	2019	2018
Loss from continuing operations before income taxes	$ (2,474,276)	$ (1,504,376)	$ (468,067)
(Income) loss from continuing operations before income taxes attributable to pass-through subsidiaries	1,569,819	704,418	230,462
Loss from continuing operations before income taxes attributable to taxable subsidiaries	(904,457)	(799,958)	(237,605)
Federal tax benefit at statutory tax rate (at 21%)	189,936	167,991	49,897
State and local income taxes, net of federal income tax benefit	1,437	862	10,601
Foreign income tax differential	(4,632)	(8,979)	(3,533)
Foreign income tax differential—U.K. tax rate change	17,591	—	—
Nondeductible expenses—goodwill impairment	(124,740)	(165,480)	—
Nondeductible expenses—other	(1,300)	(4,556)	(3,749)
Valuation allowance, net	(64,234)	(4,151)	(7,789)
Impact of Tax Cuts and Jobs Act	—	—	2,092
Other	(4,019)	337	2,585
Income tax benefit (expense) on continuing operations	$ 10,039	$ (13,976)	$ 50,104

Tax Examinations

The Company is no longer subject to new income tax examinations by tax authorities for years prior to 2017.

22. Commitments and Contingencies

Leases

As lessee, the Company's leasing arrangements are composed of (i) leases on investment properties, consisting primarily of finance and operating leases on powered shell spaces for data centers, an air rights operating lease, lease on data center equipment, and operating ground leases; and (ii) operating leases for corporate offices.

The weighted average remaining lease term based upon outstanding lease liability balances at December 31, 2020 was 12.4 years for finance leases on investment properties, 13.2 years for operating leases on investment properties and 6.4 years for operating leases on corporate offices.

For the year ended December 31, 2018, operating lease cost, including variable lease expense, was $3.8 million for ground leases and $10.1 million for office leases.

The following table summarizes total lease cost for operating leases and finance leases for the years ended December 31, 2020 and 2019. There were no finance leases in 2019.

	Year Ended December 31, 2020		Year Ended December 31, 2019	
(In thousands)	Investment Properties	Corporate Offices	Investment Properties	Corporate Offices
Operating leases: [1]				
Fixed lease expense	$ 23,551	$ 10,102	$ 3,778	$ 9,213
Variable lease expense	5,758	2,506	133	2,516
Total operating lease cost	$ 29,309	$ 12,608	$ 3,911	$ 11,729
Finance leases:				
Interest expense	$ 414	$ —	$ —	$ —
Amortization of ROU lease asset	475	—	—	—
Total finance lease cost	$ 889	$ —	$ —	$ —

[1] Total lease cost for operating leases is included in property operating expense for investment properties and administrative expense for corporate offices.

Lease Commitments

Finance and operating lease liabilities take into consideration renewal or termination options when such options are deemed reasonably certain to be exercised by the Company and exclude variable lease payments which are expensed as incurred. The Company makes variable lease payments for: (i) leases with rental payments that are adjusted periodically for inflation or increases in property fair value, and/or (ii) nonlease services, such as common area maintenance in net leases and operating expenses, primarily for power, in data center leases.

The table below presents the Company's future lease commitments at December 31, 2020, determined using weighted average discount rates of 6.2% for finance leases on investment properties, 6.3% for operating leases on investment properties, excluding properties held for disposition, and 4.6% for operating leases on corporate offices:

(In thousands)	Finance Leases	Operating Leases	
Year Ending December 31,	Investment Properties	Investment Properties	Corporate Offices
2021	$ 15,315	$ 55,806	$ 10,401
2022	15,644	56,161	9,307
2023	15,918	57,409	8,490
2024	16,308	53,019	8,951
2025	16,709	41,640	7,975
2026 and thereafter	136,669	326,947	15,045
Total lease payments	216,563	590,982	60,169
Present value discount	(67,589)	(239,462)	(8,636)
Finance / Operating lease liability (Note 9)	$ 148,974	$ 351,520	$ 51,533

Litigation

The Company may be involved in litigations in the ordinary course of business. As of December 31, 2020, the Company was not involved in any legal proceedings that are expected to have a material adverse effect on the Company’s results of operations, financial position or liquidity.

23. Segment Reporting

The Company conducts its business through five reportable segments as follows:

- *Digital Investment Management ("Digital IM")*—This business encompasses the investment and stewardship of third party capital in digital infrastructure and real estate. The Company's flagship opportunistic strategy is conducted through DCP and separately capitalized vehicles while other strategies, including digital credit and public equities, will be or are conducted through other investment vehicles. The Company earns management fees, generally based on the amount of assets or capital managed in investment vehicles, and have the potential to earn carried interest based on the performance of such investment vehicles subject to achievement of minimum return hurdles.
- *Digital Operating*—This business is composed of balance sheet equity interests in digital infrastructure and real estate operating companies, which generally earn rental income from providing use of space and/or capacity in or on digital assets through leases, services and other agreements. The Company currently owns interests in two companies: DataBank, an edge colocation data center business that acquired zColo's edge business in December 2020; and Vantage SDC. Both DataBank and Vantage are also portfolio companies, managed under Digital IM for the equity interests owned by third party capital.
- *Digital Other*—This segment is composed of equity interests in digital investment vehicles, the largest of which is the Company’s investment and commitment to the DCP flagship funds. This segment also includes the Company’s investment and commitment to the digital liquid strategies and seed investments for future digital investment vehicles.
- *Wellness Infrastructure (previously referred to as Healthcare)*—This segment is composed of a diverse portfolio of senior housing, skilled nursing facilities, medical office buildings, and hospitals. The Company earns rental income from senior housing, skilled nursing facilities and hospital assets that are under net leases to single tenants/operators and from medical office buildings which are both single tenant and multi-tenant. In addition, certain of the Company's senior housing properties are managed by operators under a RIDEA (REIT Investment Diversification and Empowerment Act) structure, which allows the Company to gain financial exposure to underlying operations of the facility in a tax efficient manner versus receiving contractual rent under a net lease arrangement.

- *Other*—This segment is composed of other equity and debt ("OED") investments and the non-digital investment management ("Other IM") business. OED encompasses a diversified group of non-digital real estate and real estate-related equity and debt investments, including investments for which the Company acts as a general partner and/or manager ("GP co-investments") and receives various forms of investment management economics on related third-party capital on such investments, which includes our investment in CLNC, among other holdings. The Company has monetized a substantial portion of its OED portfolio and will continue to monetize the remainder as it completes its digital evolution. Other IM, which is separate from Digital IM, encompasses the Company's management of private real estate credit funds and related co-investment vehicles, CLNC, and NorthStar Healthcare. Many of the investments underlying these vehicles are co-owned by the Company's balance sheet and categorized under OED. The Company earns management fees, generally based on the amount of assets or capital managed, and contractual incentive fees or potential carried interest based on the performance of the investment vehicles managed subject to achievement of minimum return hurdles.

Amounts not allocated to specific segments generally include corporate level cash and corresponding interest income, fixed assets for administrative use, corporate level financing and related interest expense, income and expense related to cost reimbursement arrangements with certain affiliates, costs in connection with unconsummated investments, compensation expense not directly attributable to reportable segments, corporate level administrative and overhead costs as well as corporate level transaction costs. Costs which are directly attributable, or otherwise can be subjected to a reasonable and systematic allocation, have been allocated to each of the reportable segments. In the third quarter of 2020, the Company applied a more specific identification of individual compensation and administrative costs to more precisely attribute these costs to the respective reportable segments. The more refined cost attribution methodology is a better reflection of the underlying cost of operations of the individual reportable segments and was retrospectively applied to prior periods.

Aligned with the Company's acceleration of its digital transformation, the Company disaggregated its digital operating segments and beginning the third quarter of 2020, presents three digital reportable segments, as described further below. Concurrently, the Company aggregated three of its non-digital operating segments, that is CLNC, OED and Other IM, and presents a single reportable segment, renamed as Other. These changes reflect the different business strategies for the various digital operating segments and collectively, for the non-digital operating segments, and also reflect the Company's focus on its digital business which represents the future growth of the Company.

Additionally, effective the first and third quarters of 2020, the Industrial segment and the Hospitality segment, respectively, no longer constitute reportable segments. In December 2019, the Company completed the sale of the light industrial portfolio and its related management platform, which represented the vast majority of the industrial segment. The remaining bulk industrial portfolio was sold in December 2020. In September 2020, the Company entered into a definitive agreement to sell five of the six hotel portfolios in its Hospitality segment (remaining portfolio is in receivership) and the THL Hotel Portfolio in the Other segment. Current and prior period results of the Industrial segment, Hospitality segment and THL Hotel Portfolio in the Other segment are presented as discontinued operations on the consolidated statements of operations (Note 16).

Segment Results of Operations

The following table presents results of operations of the Company's reportable segments.

(In thousands)	Digital Operating	Digital Investment Management	Digital Other	Wellness Infrastructure	Other	Amounts Not Allocated to Segments	Total
Year Ended December 31, 2020							
Total revenues	$ 313,283	$ 84,420	$ 4,160	$ 527,176	$ 293,538	$ 14,017	$ 1,236,594
Income (loss) from continuing operations	(130,818)	9,793	35,922	(754,709)	(1,373,552)	(250,873)	(2,464,237)
Income (loss) from continuing operations attributable to Colony Capital, Inc.	(19,784)	9,196	23,261	(503,925)	(916,861)	(218,636)	(1,626,749)
Loss from discontinued operations attributable to Colony Capital, Inc.							(1,049,010)
Net loss attributable to Colony Capital, Inc.							$ (2,675,759)
Year Ended December 31, 2019							
Total revenues	$ 6,039	$ 34,368	$ —	$ 582,139	$ 570,042	$ 14,235	$ 1,206,823
Income (loss) from continuing operations	(691)	48,942	(4,465)	(243,688)	(880,972)	(437,478)	(1,518,352)
Income (loss) from continuing operations attributable to Colony Capital, Inc.	(124)	44,808	(4,026)	(183,510)	(869,453)	(397,352)	(1,409,657)
Income from discontinued operations attributable to Colony Capital, Inc.							360,850
Net loss attributable to Colony Capital, Inc.							$ (1,048,807)
Year Ended December 31, 2018							
Total revenues	$ —	$ —	$ —	$ 592,455	$ 570,238	$ 9,239	$ 1,171,932
Income (loss) from continuing operations	—	3,971	1,984	(283,516)	82,572	(222,974)	(417,963)
Income (loss) from continuing operations attributable to Colony Capital, Inc.	—	3,738	1,868	(199,277)	(43,705)	(203,100)	(440,476)
Loss from discontinued operations attributable to Colony Capital, Inc.							(79,131)
Net loss attributable to Colony Capital, Inc.							$ (519,607)

The following table presents selected income and expense items of reportable segments.

(In thousands)	Digital Operating	Digital Investment Management	Digital Other	Wellness Infrastructure	Other	Amounts Not Allocated to Segments	Total
Year Ended December 31, 2020							
Property operating income	$ 312,883	$ —	$ 45	$ 517,186	$ 106,046	$ —	$ 936,160
Interest income	80	37	1,355	3,936	69,372	5,691	80,471
Fee income	—	83,356	—	—	94,399	—	177,755
Property operating expense	119,729	—	105	249,357	54,525	—	423,716
Interest expense	77,976	—	—	138,182	37,400	56,896	310,454
Depreciation and amortization	210,188	26,056	—	138,312	52,111	4,776	431,443
Impairment loss	—	3,832	—	716,501	732,417	21,247	1,473,997
Gain on sale of real estate	—	—	—	175	25,811	—	25,986
Equity method earnings (losses), including carried interest	—	13,039	22,548	—	(499,453)	—	(463,866)
Income tax benefit (expense)	21,461	(60)	462	(19,718)	7,940	(46)	10,039

(In thousands)	Digital Operating	Digital Investment Management	Digital Other	Wellness Infrastructure	Other	Amounts Not Allocated to Segments	Total
Year Ended December 31, 2019							
Property operating income	$ 6,038	$ —	$ —	$ 577,669	$ 153,657	$ —	$ 737,364
Interest income	—	41	—	3,765	159,944	3,015	166,765
Fee income	—	33,095	—	—	190,820	—	223,915
Property operating expense	2,197	—	—	260,374	70,783	—	333,354
Interest expense	1,272	3,230	—	192,621	54,814	54,872	306,809
Depreciation and amortization	1,803	10,406	—	161,115	128,233	6,037	307,594
Impairment loss	—	—	—	187,341	898,540	649	1,086,530
Gain on sale of real estate	—	—	—	1,384	60,619	—	62,003
Equity method earnings (losses), including carried interest	—	7,112	(4,465)	—	(131,349)	—	(128,702)
Income tax benefit (expense)	(10)	(15,094)	—	612	1,170	(654)	(13,976)
Year Ended December 31, 2018							
Property operating income	$ —	$ —	$ —	$ 586,855	$ 180,068	$ —	$ 766,923
Interest income	—	—	—	5,138	208,213	1,237	214,588
Fee income	—	—	—	—	144,443	—	144,443
Property operating expense	—	—	—	271,166	74,329	—	345,495
Interest expense	—	—	—	194,898	85,149	54,513	334,560
Depreciation and amortization	—	—	—	164,389	81,385	6,207	251,981
Impairment loss	—	—	—	217,524	282,910	—	500,434
Gain on sale of real estate	—	—	—	—	154,980	—	154,980
Equity method earnings (losses), including carried interest	—	6,861	1,984	—	(8,921)	—	(76)
Income tax benefit (expense)	—	—	—	(4,991)	54,890	205	50,104

Total assets and equity method investments of the reportable segments are summarized as follows:

	December 31, 2020		December 31, 2019	
(In thousands)	Total Assets	Equity Method Investments	Total Assets	Equity Method Investments
Digital Operating	$ 6,926,634	$ —	$ 1,684,867	$ —
Digital Investment Management	490,632	19,167	428,703	1,059
Digital Other	482,464	158,564	46,832	46,832
Wellness Infrastructure	3,914,607	—	4,886,374	—
Other	4,340,736	1,272,769	6,403,002	1,935,882
Amounts not allocated to segments	376,174	3,742	1,120,929	3,742
Assets held for disposition related to discontinued operations	3,669,313	—	5,261,477	—
	$ 20,200,560	$ 1,454,242	$ 19,832,184	$ 1,987,515

Geography

Geographic information about the Company's total income and long-lived assets are as follows. Geography is generally presented as the location in which the income producing assets reside or the location in which income generating services are performed.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Total income by geography:			
United States	$ 1,115,710	$ 910,556	$ 868,432
Europe	122,475	354,164	329,609
Other	22,899	7,127	302
Total [(1)]	$ 1,261,084	$ 1,271,847	$ 1,198,343

(In thousands)	December 31, 2020	December 31, 2019
Long-lived assets by geography:		
United States	$ 8,205,682	$ 5,267,189
Europe	1,699,338	1,508,347
Other	624,680	—
Total [(2)]	$ 10,529,700	$ 6,775,536

(1) Total income includes the Company's share of earnings (loss) from its equity method investments (but excludes the Company's impairment of its equity method investments of $512.2 million, $258.0 million and $61.2 million for the years ended December 31, 2020, 2019 and 2018, respectively); and excludes cost reimbursement income from affiliates (Note 20) and income from discontinued operations (Note 16). All income from discontinued operations is generated in the United States.

(2) Long-lived assets comprise real estate held for investment, lease related intangible assets, operating lease right-of-use assets and fixed assets, and exclude financial instruments, assets held for disposition and non-lease related intangible assets. Long-lived assets that are held for disposition at December 31, 2020 and 2019 included $3.7 billion and $5.2 billion located in the United States, respectively, and $0.2 billion and $0.3 billion located in Europe, respectively.

24. Supplemental Disclosure of Cash Flow Information

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest, net of amounts capitalized of $852, $3,192, and $5,554	$ 392,004	$ 523,533	$ 507,495
Cash paid for income taxes, net of refunds	39,151	(12,595)	14,476
Cash paid for operating lease liabilities	31,138	16,234	—
Cash paid for finance lease liabilities	889	—	—
Supplemental Disclosure of Cash Flows from Discontinued Operations			
Hotel:			
Net cash provided by (used in) operating activities of discontinued operations	$ 8,682	$ 157,709	$ 177,835
Net cash provided by (used in) investing activities of discontinued operations	(88,348)	(102,845)	19,234
Net cash provided by (used in) financing activities of discontinued operations	(763)	(41,910)	(160,821)
Industrial:			
Net cash provided by (used in) operating activities of discontinued operations	(32,452)	158,666	153,379
Net cash provided by (used in) investing activities of discontinued operations	431,972	(599,940)	82,408
Net cash provided by (used in) financing activities of discontinued operations	(359,113)	351,052	378,788

(In thousands)	Year Ended December 31, 2020	2019	2018
Supplemental Disclosure of Cash Flows from Investing and Financing Activities			
Dividends and distributions payable	$ 18,516	$ 83,301	$ 84,013
Improvements in operating real estate in accrued and other liabilities	27,096	20,230	2,249
Proceeds from loan repayments and asset sales held in escrow	1,858	63,984	19,425
Operating lease right-of-use assets and lease liabilities established	262,169	139,157	—
Finance lease right-of-use assets and lease liabilities established	148,974	—	—
Redemption of OP Units for common stock	7,757	2,104	29,034
Preferred stock redemptions payable	—	402,855	—
Assets and liabilities of investment entities deconsolidated in foreclosure	172,927	—	—
Assets consolidated in real estate acquisition and foreclosure, net of cash and restricted cash	5,399,611	—	—
Liabilities assumed in real estate acquisition and foreclosure	1,854,760	—	—
Noncontrolling interests assumed in real estate acquisition	366,136	—	—
Deferred cash consideration for acquisition of DBH (Note 3)	—	32,500	—
Issuance of OP Units for business combinations (Note 3)	—	114,865	—
Distributions payable to noncontrolling interests included in other liabilities	—	3,986	19,297
Foreclosures and exchanges of loans receivable for real estate	—	28,562	47,097
Debt assumed by buyer in sale of real estate	—	295,562	196,416
Financing provided to buyer in sale of real estate	—	4,000	—
Fair value of Digital Colony Manager contract intangible consolidated (Note 3)	—	51,400	—
Assets acquired in business combinations, net of cash and restricted cash acquired (Note 3)	—	2,098,313	—
Liabilities assumed in business combinations (Note 3)	—	818,449	—
Noncontrolling interests assumed in business combinations (Note 3)	—	724,567	—
Deconsolidation of net assets of securitization trusts	—	—	131,386
Assets held for sale contributed to equity method investee	—	—	20,350
Deferred tax liabilities assumed by buyer of related real estate	—	—	26,629
Share repurchase payable	—	—	7,567
Contributions receivable from noncontrolling interests	—	—	29,721
Assets of investment entities deconsolidated, net of cash and restricted cash contributed (1)	395,351	—	1,753,066
Liabilities of investment entities deconsolidated (1)	235,425	—	421,245
Noncontrolling interests of investment entities deconsolidated (1)	80,921	—	395,274

(1) Represents sale of the Company's interest in the bulk industrial portfolio in 2020 (Note 8) and contribution of the CLNY Contributed Portfolio for the formation of CLNC in 2018 (Note 6).

25. Subsequent Events

Other than as disclosed elsewhere, no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the accompanying notes.

COLONY CAPITAL, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2020, 2019 and 2018

The following table summarizes the activities in the allowance for doubtful accounts established on the Company's receivable balances, primarily on receivables from managed hotel properties in Europe. The allowance amounts presented below exclude those established on doubtful accounts related to assets held for disposition.

2018 included allowances established on lease-related receivables such as base rents, expense reimbursements and straight-line rents from tenants, and resident fees. Upon adoption of ASC 842 on January 1, 2019, such allowances were charged off against the receivable to the extent collection of the related lease receivables were determined to not be probable, and any remaining allowance related to amounts probable of collection were subsequently charged off at such time cash was collected as a reduction to bad debt expense.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Balance at January 1	$ 110	$ 13,934	$ 6,310
Cumulative effect of adoption of ASC 842	—	(13,889)	—
Allowance for doubtful accounts	1,094	3,969	26,416
Charge-offs	(313)	(3,904)	(18,732)
Effect of changes in foreign exchange rates	—	—	(60)
Balance at December 31	$ 891	$ 110	$ 13,934

COLONY CAPITAL, INC.

SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2020

(Amounts in thousands)			Initial Cost				Gross Cost Basis (2)					
	Number of Properties	Encumbrances	Land	Buildings and Improvements (1)	Costs Capitalized	Impairment	Land	Buildings and Improvements (1)	Total	Accumulated Depreciation (3)	Net Carrying Amount (4)	Date of Acquisition or Construction
Digital Operating												
Data Centers—Colocation [5]												
Arizona	3	$ 6,009	$ —	$ 9,640	$ —	$ —	$ —	$ 9,640	$ 9,640	$ (34)	$ 9,606	2020
California	6	94,433	10,574	140,918	—	—	10,574	140,918	151,492	(539)	150,953	2020
Colorado	4	71,949	3,397	112,026	—	—	3,397	112,026	115,423	(411)	115,012	2020
Florida	1	9,107	—	14,609	—	—	—	14,609	14,609	(52)	14,557	2020
Georgia	2	97,725	1,467	149,186	14,924	—	1,467	164,110	165,577	(5,016)	160,561	2019-2020
Illinois	4	86,916	—	139,432	—	—	—	139,432	139,432	(496)	138,936	2020
Indiana	2	13,076	—	19,747	4,190	—	—	23,937	23,937	(1,919)	22,018	2019
Kansas	3	45,306	1,336	78,769	1,120	—	1,336	79,889	81,225	(4,935)	76,290	2019
Maryland	1	9,724	—	16,002	1,813	—	—	17,815	17,815	(1,441)	16,374	2019
Massachusetts	1	3,779	—	6,062	—	—	—	6,062	6,062	(22)	6,040	2020
Minnesota	3	41,211	5,116	64,732	4,151	—	5,116	68,883	73,999	(4,970)	69,029	2019-2020
Nevada	1	15,426	—	24,746	—	—	—	24,746	24,746	(88)	24,658	2020
New Jersey	2	28,187	—	45,218	—	—	—	45,218	45,218	(161)	45,057	2020
New York	2	18,957	—	30,411	—	—	—	30,411	30,411	(108)	30,303	2020
Ohio	1	5,647	—	10,348	38	—	—	10,386	10,386	(877)	9,509	2019
Pennsylvania	3	50,671	1,555	79,574	9,642	—	1,555	89,216	90,771	(5,755)	85,016	2019-2020
Tennessee	1	2,726	—	4,373	—	—	—	4,373	4,373	(16)	4,357	2020
Texas	9	200,060	13,937	267,384	14,572	—	13,937	281,956	295,893	(14,268)	281,625	2019-2020
Utah	5	190,719	15,109	297,384	29,263	—	15,109	326,647	341,756	(20,610)	321,146	2019
Virginia	2	73,557	12,618	105,384	—	—	12,618	105,384	118,002	(420)	117,582	2020
Washington	2	9,416	—	15,106	—	—	—	15,106	15,106	(54)	15,052	2020
United Kingdom	1	19,390	—	31,106	—	—	—	31,106	31,106	(111)	30,995	2020
Data Centers—Hyperscale												
California	7	1,456,627	95,116	1,792,066	—	—	95,116	1,792,066	1,887,182	(38,312)	1,848,870	2020
Washington	2	269,395	3,582	345,067	—	—	3,582	345,067	348,649	(6,711)	341,938	2020
Canada	3	406,830	4,337	522,902	—	—	4,337	522,902	527,239	(10,858)	516,381	2020
	71	3,226,843	168,144	4,322,192	79,713	—	168,144	4,401,905	4,570,049	(118,184)	4,451,865	
Wellness Infrastructure												
Assisted Living Facilities												
Alabama	1	4,488	337	2,583	1,524	(2,705)	—	1,739	1,739	(603)	1,136	2017
Arizona	1	8,895	536	14,434	1,608	(5,630)	327	10,621	10,948	(1,876)	9,072	2017
California	2	16,215	2,977	32,983	1,504	(19,715)	1,735	16,014	17,749	(3,653)	14,096	2017
Colorado	2	101,909	7,734	138,276	5,260	(53,225)	4,777	93,268	98,045	(15,111)	82,934	2017
Illinois	6	122,111	6,959	152,507	13,611	(35,797)	5,159	132,121	137,280	(17,742)	119,538	2017

(Amounts in thousands)			Initial Cost				Gross Cost Basis (2)					
	Number of Properties	Encumbrances	Land	Buildings and Improvements (1)	Costs Capitalized	Impairment	Land	Buildings and Improvements (1)	Total	Accumulated Depreciation (3)	Net Carrying Amount (4)	Date of Acquisition or Construction
Indiana	9	25,835	7,170	26,900	—	—	7,170	26,900	34,070	(3,681)	30,389	2017
Massachusetts	1	2,930	1,346	1,523	360	—	1,346	1,883	3,229	(384)	2,845	2017
North Carolina	8	81,198	11,656	151,555	1,929	(43,805)	8,488	112,847	121,335	(15,880)	105,455	2017
Ohio	3	151,946	14,075	192,190	14,092	(57,287)	10,001	153,069	163,070	(22,143)	140,927	2017
Oregon	25	170,238	20,905	269,521	6,581	(45,497)	17,923	233,587	251,510	(30,998)	220,512	2017
South Carolina	1	15,997	1,105	17,975	2,377	(12,352)	367	8,738	9,105	(2,010)	7,095	2017
Tennessee	1	5,542	1,263	11,093	652	(7,261)	503	5,244	5,747	(1,245)	4,502	2017
Texas	7	114,648	17,890	135,599	8,775	(31,306)	14,309	116,649	130,958	(17,393)	113,565	2017
Washington	5	38,744	3,439	55,200	2,033	(5,553)	3,012	52,107	55,119	(6,347)	48,772	2017
United Kingdom	46	293,230	133,616	527,985	49,662	(4,616)	137,351	569,296	706,647	(60,245)	646,402	2017-2019
Hospitals												
Georgia	1	9,005	2,047	16,650	—	—	2,047	16,650	18,697	(1,710)	16,987	2017
Louisiana	1	13,039	1,591	13,991	—	—	1,591	13,991	15,582	(1,425)	14,157	2017
Missouri	3	18,592	3,586	22,684	—	—	3,586	22,684	26,270	(2,417)	23,853	2017
Oklahoma	1	15,309	536	15,954	—	—	536	15,954	16,490	(1,621)	14,869	2017
Texas	2	18,393	3,191	52,140	2,670	(4,852)	3,002	50,147	53,149	(5,468)	47,681	2017
Utah	1	3,383	2,151	7,073	—	—	2,151	7,073	9,224	(747)	8,477	2017
Medical Office Buildings												
Alabama	2	34,478	—	56,252	1,242	(23,532)	—	33,962	33,962	(5,093)	28,869	2017
Arkansas	1	807	—	1,343	—	—	—	1,343	1,343	(400)	943	2017
California	2	18,600	5,708	33,831	1,196	(13,916)	3,478	23,341	26,819	(4,357)	22,462	2017
Colorado	6	20,990	8,330	57,618	4,893	(42,661)	1,866	26,314	28,180	(7,789)	20,391	2017
Florida	3	23,182	2,119	41,279	1,962	(18,147)	1,131	26,082	27,213	(4,712)	22,501	2017
Georgia	13	60,989	12,976	100,152	5,465	(24,939)	9,912	83,742	93,654	(13,055)	80,599	2017
Hawaii	1	4,733	519	14,030	3,785	(9,451)	147	8,736	8,883	(1,419)	7,464	2017
Idaho	1	18,418	—	30,473	114	(7,339)	—	23,248	23,248	(3,352)	19,896	2017
Illinois	6	62,616	9,809	97,772	6,930	(37,890)	5,600	71,021	76,621	(11,966)	64,655	2017
Indiana	27	160,147	18,106	297,676	13,492	(92,899)	10,230	226,145	236,375	(37,987)	198,388	2017
Louisiana	4	25,576	2,406	52,142	323	(14,215)	1,573	39,083	40,656	(6,256)	34,400	2017
Michigan	3	29,850	3,856	48,703	2,817	(16,060)	2,104	37,212	39,316	(5,421)	33,895	2017
Minnesota	2	4,808	1,144	9,348	164	(4,454)	596	5,606	6,202	(1,136)	5,066	2017
Mississippi	1	13,720	—	21,465	—	—	—	21,465	21,465	(2,575)	18,890	2017
New Mexico	3	9,934	—	16,344	657	(1,934)	—	15,067	15,067	(3,574)	11,493	2017
Ohio	5	42,227	5,036	99,039	2,421	(40,298)	1,653	64,545	66,198	(11,047)	55,151	2017
Oklahoma	2	11,865	—	18,382	—	—	—	18,382	18,382	(2,225)	16,157	2017
South Carolina	2	14,925	761	22,966	1,860	(11,345)	343	13,899	14,242	(2,766)	11,476	2017
Tennessee	2	3,848	449	20,022	697	(14,393)	135	6,640	6,775	(2,025)	4,750	2017

(Amounts in thousands)			Initial Cost				Gross Cost Basis (2)					
	Number of Properties	Encumbrances	Land	Buildings and Improvements (1)	Costs Capitalized	Impairment	Land	Buildings and Improvements (1)	Total	Accumulated Depreciation (3)	Net Carrying Amount (4)	Date of Acquisition or Construction
Texas	19	92,948	5,808	168,060	4,536	(57,767)	3,974	116,663	120,637	(23,529)	97,108	2017
Washington	1	22,470	998	47,052	986	—	998	48,038	49,036	(5,301)	43,735	2017
Skilled Nursing Facilities												
Alabama	1	8,412	433	7,169	—	—	433	7,169	7,602	(948)	6,654	2017
California	2	13,187	1,936	37,612	—	(7,411)	1,256	30,881	32,137	(9,014)	23,123	2017
Florida	11	78,560	12,835	145,970	—	(1,045)	12,802	144,958	157,760	(16,968)	140,792	2017
Georgia	6	99,766	12,140	130,707	—	—	12,140	130,707	142,847	(14,533)	128,314	2017
Illinois	2	8,980	2,716	15,941	—	(2,583)	2,257	13,817	16,074	(2,448)	13,626	2017
Indiana	19	95,295	5,634	132,921	—	—	5,634	132,921	138,555	(16,939)	121,616	2017
Kentucky	1	12,989	362	17,493	3,084	(2,189)	319	18,431	18,750	(2,479)	16,271	2017
Louisiana	1	26,245	1,068	28,675	—	—	1,068	28,675	29,743	(3,272)	26,471	2017
Massachusetts	3	9,506	6,179	8,006	—	—	6,179	8,006	14,185	(868)	13,317	2017
North Carolina	1	5,328	286	10,549	—	(1,446)	243	9,146	9,389	(1,223)	8,166	2017
Oregon	6	22,435	4,330	38,024	43	(6,359)	3,596	32,442	36,038	(4,178)	31,860	2017
Pennsylvania	8	209,376	20,010	240,922	—	(549)	19,461	240,922	260,383	(27,481)	232,902	2017
Tennessee	2	29,527	2,305	36,890	—	—	2,305	36,890	39,195	(4,107)	35,088	2017
Virginia	6	44,168	4,157	53,953	—	—	4,157	53,953	58,110	(6,342)	51,768	2017
Washington	3	10,348	3,647	16,108	152	(1,264)	3,426	15,217	18,643	(2,079)	16,564	2017
	305	2,582,900	400,173	4,033,705	169,457	(783,687)	344,397	3,475,251	3,819,648	(481,563)	3,338,085	
Other Equity and Debt												
Hotel—France	16	6,735	7,132	43,529	31	(3,411)	6,768	40,513	47,281	(1,419)	45,862	2017-2020
Hotel—Spain	1	—	—	2,514	786	(686)	—	2,614	2,614	(724)	1,890	2017
Mixed-Use—Italy	13	34,358	33,993	23,935	18,651	—	33,993	42,586	76,579	(2,439)	74,140	2015
Office—US	2	102,666	11,862	128,004	16,396	(58,208)	11,862	86,192	98,054	(28,515)	69,539	2013-2017
Office—France	19	55,689	32,324	70,100	18,993	(2,081)	32,324	87,012	119,336	(10,720)	108,616	2016-2017
Office—Ireland	4	100,106	60,404	44,184	—	—	60,404	44,184	104,588	(279)	104,309	2020
Office—Spain	2	114,969	102,878	95,127	7,189	(20,333)	102,878	81,983	184,861	(10,124)	174,737	2017
Office—UK	1	31,925	4	26,497	—	—	4	26,497	26,501	(166)	26,335	2020
Office/Industrial—France	161	248,140	74,144	250,118	4,861	(349)	74,144	254,630	328,774	(33,870)	294,904	2018
Retail—UK	1	25,680	—	74,587	151	(26,682)	—	48,056	48,056	(10,418)	37,638	2015
	220	720,268	322,741	758,595	67,058	(111,750)	322,377	714,267	1,036,644	(98,674)	937,970	
Real estate held for investment	596	$ 6,530,011	$ 891,058	$ 9,114,492	$ 316,228	$ (895,437)	$ 834,918	$ 8,591,423	$ 9,426,341	$ (698,421)	$ 8,727,920	

(Amounts in thousands)	Number of Properties	Encumbrances	Initial Cost: Land	Initial Cost: Buildings and Improvements (1)	Costs Capitalized	Impairment	Gross Cost Basis (2): Land	Gross Cost Basis (2): Buildings and Improvements (1)	Gross Cost Basis (2): Total	Accumulated Depreciation (3)	Net Carrying Amount (4)	Date of Acquisition or Construction
Real estate held for disposition												
Wellness Infrastructure											162,952	2017
Hotel											2,602,451	2017
Other Equity & Debt												
Various—US											901,797	Various
Various—Europe											235,769	Various
Total real estate											$ 12,630,889	

(1) Includes construction in progress, data center infrastructure and furniture, fixtures and equipment.

(2) Presented net of impairment of real estate, as described in Note 4 to the consolidated financial statements.

(3) Depreciation is calculated using a useful life ranging from 1 year based on the shortest remaining lease term for improvements and up to 51 years for buildings.

(4) The aggregate gross cost of total real estate for federal income tax purposes was $13.0 billion at December 31, 2020.

(5) Includes 46 properties under leasehold interests for which the Company owns the data center infrastructure.

The following tables summarize the activity in real estate and accumulated depreciation:

(In thousands)	Year Ended December 31, 2020	2019	2018
Real Estate, at Gross Cost Basis			
Balance at January 1	$ 12,702,355	$ 15,500,802	$ 15,791,144
Asset acquisitions and business combinations	3,650,180	2,351,196	984,844
Measurement period adjustments for real estate acquired in business combinations	(8,405)	—	—
Foreclosures and exchanges of loans receivable for real estate	124,335	14,866	45,617
Improvements and capitalized costs (1)	180,787	366,817	276,210
Deconsolidation of real estate held by investment entity upon closing of Combination	—	—	(226,004)
Dispositions (2)	(869,776)	(5,197,705)	(933,217)
Impairment (Note 4)	(1,878,012)	(348,710)	(357,629)
Effect of changes in foreign exchange rates	127,052	15,089	(80,163)
Balance at December 31	14,028,516	12,702,355	15,500,802
Classified as held for disposition, net (3)	(4,602,175)	(851,462)	(4,005,398)
Balance at December 31, held for investment	$ 9,426,341	$ 11,850,893	$ 11,495,404

(In thousands)	Year Ended December 31, 2020	2019	2018
Accumulated Depreciation			
Balance at January 1	$ 1,042,422	$ 1,029,386	$ 606,200
Depreciation	420,209	500,240	471,599
Deconsolidation of real estate held by investment entity upon closing of Combination	—	—	(6,256)
Dispositions [2]	(74,692)	(489,276)	(42,873)
Effect of changes in foreign exchange rates	9,688	2,072	716
Balance at December 31	1,397,627	1,042,422	1,029,386
Classified as held for disposition, net [3]	(699,206)	(52,047)	(359,992)
Balance at December 31, held for investment	$ 698,421	$ 990,375	$ 669,394

(1) Includes transaction costs capitalized for asset acquisitions.

(2) Includes amounts classified as held for sale during the year and disposed before the end of the year.

(3) Amounts classified as held for sale during the year and remain as held for sale at the end of the year.

COLONY CAPITAL, INC.

SCHEDULE IV—MORTGAGE LOANS ON REAL ESTATE
December 31, 2020

(Dollars in thousands)

Loan Type / Collateral / Location [1]	Number of Loans	Payment Terms [2]	Interest Rate Range [3]	Maturity Date Range [4]	Prior Liens [5]	Unpaid Principal Balance	Carrying Amount [6][7]	Principal Amount Subject to Delinquent Principal or Interest [8]
Loans at fair value								
First mortgage:								
Hospitality—France	1	I/O	10.0%	December 2021	$ —	$ 105,974	$ 104,038	$ 105,974
Hospitality—France	1	I/O	4.5%	[9]	—	1,299	1,350	1,299
Hospitality—Ireland	7	I/O	2.3% - 5.7%	Through November 2026 [9]	—	59,253	354	59,253
Hospitality—Spain	1	I/O	11.0%	[9]	—	45,656	43,160	45,656
Industrial—Ireland	3	I/O	2.1% - 3.7%	[9]	—	86,542	8,276	86,542
Land—Ireland	4	I/O	2.3% - 3.7%	[9]	—	114,767	25,209	114,767
Mixed Use—France	3	I/O	3.5% - 15.0%	[9]	—	7,895	6,137	7,895
Mixed Use—Ireland	38	I/O	1.5% - 13.8%	[9]	—	634,368	8,276	634,368
Multifamily—Ireland	1	I/O	2.8%	[9]	—	83,625	88,717	83,625
Multifamily—Ireland	2	I/O	2.2% - 2.7%	[9]	—	5,744	836	5,744
Office—Ireland	1	I/O	2.1%	[9]	—	181,079	193,532	181,079
Office—Ireland	1	I/O	2.0%	[9]	—	42,460	48,016	42,460
Office—Ireland	8	I/O	1.9% - 4.2%	Through September 2024 [9]	—	56,513	324	56,513
Retail—France	1	I/O	3.5%	[9]	—	3,111	3,233	3,111
Retail—Ireland	7	I/O	2.0% - 2.7%	[9]	—	106,074	16,779	106,074
Retail—USA	1	P&I	5.7%	[9]	—	37,766	—	37,766
Wellness Infrastructure—UK	1	I/O	7.5%	April 2024	—	43,007	47,232	43,007
	81				—	1,615,133	595,469	1,615,133
Subordinated mortgage and mezzanine:								
Mixed Use—CA, USA	1	I/O	12.9%	July 2021	684,281	517,118	268,518	517,118
Office—Ireland / France	1	I/O	11.0%	January 2022	173,446	120,683	137,755	—
Office—Ireland	1	I/O	12.5%	December 2021	167,128	86,042	88,726	—
Office—USA	1	I/O	8.0%	April 2025	48,000	11,886	7,808	—
Retail—UK	1	I/O	1.0%	March 2024	122,741	66,885	53,597	—
	5				1,195,596	802,614	556,404	517,118
Corporate loans [10]								
UK	2	I/O	8.0% - 14.0%	January 2025 to November 2025	—	128,846	129,177	—
USA	2	I/O	7.0% - 8.0%	October 2024 to January 2027	—	32,287	14,287	27,287
	4				—	161,133	143,464	27,287
Total	90				$ 1,195,596	$ 2,578,880	$ 1,295,337	$ 2,159,538

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(1) Loans with carrying amounts that are individually less than 3% of the total carrying amount have been aggregated according to collateral type and location.

(2) Payment terms: P&I = Periodic payment of principal and interest; I/O = Periodic payment of interest only with principal at maturity

(3) Variable rate loans are determined based on the applicable index in effect at December 31, 2020.

(4) Represents contractual maturity and does not contemplate exercise of extension option.

(5) Prior liens represent loan amounts owned by third parties that are senior to the Company's subordinated or mezzanine positions and are approximate.

(6) Carrying amount reflects fair value of loans, including interest receivable.

(7) The aggregate cost basis of loans held for investment for federal income tax purposes was $1.5 billion at December 31, 2020.

(8) Represents principal balance of loans which are 90 days or more past due as to principal or interest.

(9) Composed of loans with past due maturity. These are distressed loan portfolios previously acquired by the Company at a discount (classified as PCI loans prior to the election of fair value option).

(10) Corporate loans are either unsecured or secured by the assets of the parent entities that own the underlying real estate operations but are not secured by mortgages on the real estate.

Activity in loans held for investment for 2019 and 2018 is summarized below. Activity for 2020 after the election of the fair value option is summarized in Note 12 to the consolidated financial statements.

	Year Ended December 31,	
(In thousands)	2019	2018
Balance at January 1	$ 1,659,217	$ 3,223,762
Loan acquisitions and originations	174,182	386,532
Paid-in-kind interest added to loan principal	68,810	52,234
Discount and net loan fee amortization	12,649	14,524
Accretion on PCI loans	19,637	27,911
Loan repayments	(216,891)	(166,267)
Payments received from PCI loans	(50,765)	(187,140)
Carrying value of loans sold	(35,158)	(111,864)
Foreclosures and other conversions to real estate	(28,562)	(47,097)
Loans receivable contributed to CLNC	—	(1,287,994)
Deconsolidation of loans receivable in securitization trusts	—	(149,447)
Provision for loan losses	(35,880)	(43,034)
Effect of changes in foreign exchange rates	(14,415)	(52,903)
Balance at December 31	$ 1,552,824	$ 1,659,217

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plans of Merger, dated as of June 2, 2016, among NorthStar Asset Management Group Inc., Colony Capital, Inc., NorthStar Realty Finance Corp., Colony NorthStar, Inc. (formerly known as New Polaris Inc.), New Sirius Inc., NorthStar Realty Finance Limited Partnership, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC (incorporated by reference to Exhibit 2.1 to Colony NorthStar, Inc.'s Registration Statement on Form S-4 (No. 333-212739) effective November 18, 2016, which is included as Annex A to such Registration Statement)
2.2	Letter Agreement, dated as of July 28, 2016, by and among NorthStar Realty Finance Corp., Colony Capital, Inc., NorthStar Asset Management Group Inc., Colony NorthStar, Inc. (formerly known as New Polaris Inc.), Sirius Merger Sub-T, LLC, NorthStar Realty Finance Limited Partnership, New Sirius Inc. and New Sirius Merger Sub LLC (incorporated by reference to Exhibit 2.2 to Colony NorthStar, Inc.'s Registration Statement on Form S-4 (No. 333-212739) effective November 18, 2016, which is included as Annex A to such Registration Statement)
2.3	Letter Agreement, dated as of October 16, 2016, among NorthStar Realty Finance Corp., Colony Capital, Inc., NorthStar Asset Management Group Inc., Colony NorthStar, Inc. (formerly known as New Polaris Inc.), Sirius Merger Sub-T, LLC, NorthStar Realty Finance Limited Partnership, New Sirius Inc. and New Sirius Merger Sub LLC (incorporated by reference to Exhibit 2.3 to Colony NorthStar, Inc.'s Registration Statement on Form S-4 (No. 333-212739) effective November 18, 2016, which is included as Annex A to such Registration Statement)
3.1	Articles of Amendment and Restatement of Colony NorthStar, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 10, 2017)
3.2	Articles of Amendment of Colony Capital, Inc. (fka Colony NorthStar, Inc.), as amended (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2018)
3.3	Amended and Restated Bylaws of Colony Capital, Inc. (fka Colony NorthStar, Inc.) (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on June 25, 2018)
3.4	Articles Supplementary designating Colony NorthStar, Inc.'s 7.15% Series I Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, par value $0.01 per share (incorporated by reference to Exhibit 3.2 to the Company's Form 8-A filed on June 5, 2017)
3.5	Articles Supplementary designating Colony NorthStar, Inc.'s 7.125% Series J Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, par value $0.01 per share (incorporated by reference to Exhibit 3.3 to Colony NorthStar, Inc.'s Registration Statement on Form 8-A filed on September 22, 2017)
4.1	Form of stock certificate evidencing the 7.125% Series J Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, par value $0.01 per share (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on September 22, 2017)
4.2	Form of stock certificate evidencing the 7.15% Series I Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, par value $0.01 per share (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on June 5, 2017)
4.3	Indenture, dated as of April 10, 2013, between Colony Capital, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to Colony Financial, Inc.'s Current Report on Form 8-K filed on April 10, 2013)
4.4	First Supplemental Indenture, dated as of April 10, 2013, by and between Colony Capital, Inc. and The Bank of New York Mellon (incorporated by reference to Exhibit 4.2 to Colony Capital, Inc.'s Current Report on Form 8-K filed on April 10, 2013)
4.5	Third Supplemental Indenture, dated as of January 10, 2017, between Colony NorthStar, Inc. and The Bank of New York Mellon (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 10, 2017)
4.6	Registration Rights Agreement relating to the 5.375% Exchangeable Senior Notes due 2033 of NorthStar Realty Finance Limited Partnership, dated as of June 19, 2013 (incorporated by reference to Exhibit 4.4 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on June 19, 2013)
4.7	Indenture, dated as of June 19, 2013, by and among NorthStar Realty Finance Limited Partnership, NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.1 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on June 19, 2013)
4.8	Supplemental Indenture, dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.3 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.9	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.3 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)

Exhibit Number	Description
4.10	Third Supplemental Indenture, dated as of January 10, 2017, by and between NRF Holdco, LLC, Colony NorthStar, Inc. and Wilmington Trust, National Association (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.11	Junior Subordinated Indenture, dated as of April 12, 2005, between NorthStar Realty Finance Corp. (as successor in interest to NorthStar Realty Finance Limited Partnership) and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to JPMorgan Chase Bank, National Association) (incorporated by reference to Exhibit 10.17 to NorthStar Realty Finance Corp.'s Amendment No. 1 to its Annual Report on Form 10-K/A for the year ended December 31, 2004 (File No. 001-32330))
4.12	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.12 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.13	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and The Bank of New York Mellon Trust Company, N.A., further supplementing the Indenture, dated as of April 12, 2005 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.4 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.14	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.15	Junior Subordinated Indenture, dated as of May 25, 2005, between NorthStar Realty Finance Limited Partnership and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to JPMorgan Chase Bank, National Association) (incorporated by reference to Exhibit 10.19 to NorthStar Realty Finance Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-32330))
4.16	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.14 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.17	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and The Bank of New York Mellon Trust Company, N.A., further supplementing the Indenture, dated as of May 25, 2005 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.5 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.18	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.19	Junior Subordinated Indenture, dated as of November 22, 2005, between NorthStar Realty Finance Corp. (as successor in interest to NorthStar Realty Finance Limited Partnership) and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to JPMorgan Chase Bank, National Association) (incorporated by reference to Exhibit 10.30 to NorthStar Realty Finance Corp.'s Registration Statement on Form S-11 (File No. 333-128962))
4.20	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.16 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.21	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and The Bank of New York Mellon Trust Company, N.A., further supplementing the Indenture, dated as of November 22, 2005 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to JPMorgan Chase Bank, National Association) (incorporated by reference to Exhibit 4.6 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.22	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.23	Junior Subordinated Indenture, dated as of March 10, 2006, between NorthStar Realty Finance Corp. (as successor in interest to NorthStar Realty Finance Limited Partnership and NorthStar Realty Finance Corp.) and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 10.31 to NorthStar Realty Finance Corp.'s Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 001-32330))

Exhibit Number	Description
4.24	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and Wilmington Trust Company (incorporated by reference to Exhibit 4.18 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.25	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and Wilmington Trust Company, further supplementing the Indenture, dated as of March 10, 2006 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and Wilmington Trust Company (incorporated by reference to Exhibit 4.7 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.26	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.27	Junior Subordinated Indenture, dated as of August 1, 2006, between NorthStar Realty Finance Corp. (as successor in interest to NorthStar Realty Finance Limited Partnership and NorthStar Realty Finance Corp.) and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 10.39 to NorthStar Realty Finance Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-32330))
4.28	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and Wilmington Trust Company (incorporated by reference to Exhibit 4.20 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.29	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and Wilmington Trust Company, further supplementing the Indenture, dated as of August 1, 2006 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and Wilmington Trust Company (incorporated by reference to Exhibit 4.8 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.30	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.31	Junior Subordinated Indenture, dated as of October 6, 2006, between NorthStar Realty Finance Corp. (as successor in interest to NorthStar Realty Finance Limited Partnership and NorthStar Realty Finance Corp.) and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 10.42 to NorthStar Realty Finance Corp.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-32330))
4.32	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and Wilmington Trust Company (incorporated by reference to Exhibit 4.22 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.33	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and Wilmington Trust Company, further supplementing the Indenture, dated as of October 6, 2006 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and Wilmington Trust Company (incorporated by reference to Exhibit 4.9 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.34	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.35	Junior Subordinated Indenture, dated as of March 30, 2007, between NorthStar Realty Finance Corp. (as successor in interest to NorthStar Realty Finance Limited Partnership and NorthStar Realty Finance Corp.) and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 10.46 to NorthStar Realty Finance Corp.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-32330))
4.36	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and Wilmington Trust Company (incorporated by reference to Exhibit 4.24 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.37	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and Wilmington Trust Company, further supplementing the Indenture, dated as of March 30, 2007 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and Wilmington Trust Company (incorporated by reference to Exhibit 4.10 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.38	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)

Exhibit Number	Description
4.39	Junior Subordinated Indenture, dated as of June 7, 2007, between NorthStar Realty Finance Corporation (as successor in interest to NorthStar Realty Finance Limited Partnership and NorthStar Realty Finance Corp.) and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 10.52 to NorthStar Realty Finance Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-32330))
4.40	Supplemental Indenture dated as of June 30, 2014, by and among NorthStar Realty Finance Corp., NRFC Sub-REIT Corp. (renamed NorthStar Realty Finance Corp.) and Wilmington Trust Company (incorporated by reference to Exhibit 4.26 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K12B filed on July 1, 2014)
4.41	Second Supplemental Indenture, dated as of March 13, 2015, by and among NorthStar Realty Finance Corp., NorthStar Realty Finance Limited Partnership and Wilmington Trust Company, further supplementing the Indenture, dated as of June 7, 2007 and supplemented by the first Supplemental Indenture thereto dated as of June 30, 2014, between NorthStar Realty Finance Corp. and Wilmington Trust Company (incorporated by reference to Exhibit 4.11 to NorthStar Realty Finance Corp.'s Current Report on Form 8-K filed on March 19, 2015)
4.42	Third Supplemental Indenture, dated as of January 10, 2017, by and among NRF Holdco, LLC, Colony NorthStar, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
4.43*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.44	Form of Class A Common Stock Purchase Warrant of Colony Capital, Inc. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 23, 2020)
4.45	Indenture, dated as of July 21, 2020, among Colony Capital Operating Company, LLC, Colony Capital, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 23, 2020)
4.46	Form of 5.75% Exchangeable Senior Notes due 2025 (included in Exhibit 4.45)
4.47	Registration Rights Agreement, dated as of July 21, 2020, by and among Colony Capital Operating Company, LLC, Colony Capital, Inc. and the initial purchasers party thereto (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on July 23, 2020)
Certain Instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.	
10.1	Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 10, 2017)
10.2	Amendment No. 1 to the Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC, dated as of June 23, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2017)
10.3	Amendment No. 2 to the Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC, dated as of October 13, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 9, 2017)
10.4	Amendment No. 3 to the Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC, dated as of October 18, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 9, 2017)
10.5	Amendment No. 4 to the Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC, dated as of November 5, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 9, 2018)
10.6†	Colony Capital, Inc. 2014 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on March 1, 2019)
10.7	Second Amended and Restated Credit Agreement, dated as of January 10, 2017, among Colony Capital Operating Company, LLC, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on January 10, 2017)
10.8	First Amendment to the Second Amended and Restated Credit Agreement, dated as of January 12, 2018, among Colony Capital Operating Company, LLC, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 19, 2018)
10.9	Second Amendment, dated as of January 8, 2019, among Colony Capital Operating Company, LLC, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K filed on March 1, 2019)

Exhibit Number	Description
10.10	Third Amendment, dated as of April 5, 2019, among Colony Capital Operating Company, LLC, the Subsidiary Borrowers from time to time party thereto, the several lenders from time to time parties thereto and JPMorgan ChaseBank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 11, 2019)
10.11	Tax Protection Agreement, dated as of January 10, 2017, by and among Colony Capital, Inc., Colony Capital Operating Company, LLC, Colony Capital, LLC, CCH Management Partners I, LLC, FHB Holding LLC and Richard B. Saltzman (incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
10.12	Form of Indemnification Agreement, by and between Colony NorthStar, Inc. and the Officers and Directors of Colony NorthStar, Inc. (incorporated by reference to Exhibit 10.17 to the Company's Current Report on Form 8-K12B filed on January 10, 2017)
10.13	Advisory Agreement, dated as of June 30, 2014, by and among NSAM J-NSHC Ltd, NorthStar Healthcare Income, Inc., NorthStar Healthcare Income Operating Partnership, LP and NorthStar Asset Management Group Inc. (incorporated by reference to Exhibit 10.8 to NorthStar Asset Management Group Inc.'s Current Report on Form 8-K filed on July 1, 2014)
10.14	Amendment No. 1 to Advisory Agreement, dated as of December 20, 2017, by and among NorthStar Healthcare Income, Inc., NorthStar Healthcare Income Operating Partnership, LP, CNI NSHC Advisors, LLC and Colony NorthStar, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 27, 2017)
10.15	Colony Mark Transfer Agreement, dated as of December 23, 2014, by and among New Colony Holdings LLC, Colony Financial, Inc. and CFI RE Masterco, LLC (incorporated by reference to Exhibit 10.1 to Colony Capital, Inc.'s Current Report on Form 8-K filed on December 23, 2014)
10.16†	Employment Agreement, dated as of December 23, 2014, by and between Colony Financial, Inc. and Thomas J. Barrack, Jr. (incorporated by reference to Exhibit 10.2 to Colony Capital, Inc.'s Current Report on Form 8-K filed on December 23, 2014)
10.17†	Share Transfer and Liquidated Damages Agreement, dated as of December 23, 2014, by and among Colony Financial, Inc., Colony Capital Holdings, LLC, Colony Capital, LLC and Richard B. Saltzman (incorporated by reference to Exhibit 10.5 to Colony Capital, Inc.'s Current Report on Form 8-K filed on December 23, 2014)
10.18†	Second Amendment to Employment Agreement and Restrictive Covenant Agreement, dated March 1, 2019, by and among the Company and Thomas J. Barrack, Jr. (incorporated by reference to Exhibit 10.1 to Colony Capital, Inc.'s Quarterly Report on Form 10-Q filed on May 10, 2019)
10.19†	Lock-Up and Liquidated Damages Agreement, dated as of December 23, 2014, by and among Colony Financial, Inc., CFI RE Masterco, LLC, Colony Capital, LLC and Thomas J. Barrack, Jr. (incorporated by reference to Exhibit 10.4 to Colony Capital, Inc.'s Current Report on Form 8-K filed on December 23, 2014)
10.20†	First Amendment to Employment Agreement, Lock-Up Agreement and Restrictive Covenant Agreement, dated as of June 2, 2016, by and among Colony and Thomas J. Barrack, Jr. (incorporated by reference to Exhibit 10.2 to Colony Capital, Inc.'s Current Report on Form 8-K filed on June 8, 2016)
10.21	Waiver and Acknowledgment to Contribution and Implementation Agreement, entered into as of April 1, 2015 (incorporated by reference to Exhibit 10.2 to Colony Capital, Inc.'s Current Report on Form 8-K filed on April 2, 2015)
10.22†	Employment Agreement, dated as of March 16, 2015, by and between Colony Capital, Inc. and Ronald M. Sanders (incorporated by reference to Exhibit 10.3 to Colony Capital, Inc.'s Current Report on Form 8-K filed on April 2, 2015)
10.23†	Employment Agreement, dated as of July 25, 2019, between Colony Capital, Inc. and Marc Ganzi (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 30, 2019)
10.24†	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K filed on March 1, 2019)
10.25†	Form of Performance Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K filed on March 1, 2019)
10.26	Purchase and Sale Agreement, dated as of November 4, 2016, by and among NorthStar Realty Finance Limited Partnership, NorthStar Healthcare JV Holdings, LLC, NorthStar Healthcare REIT, LLC, NorthStar TK Healthcare Operating Company, LLC, NorthStar Healthcare JV, LLC and NRFC Healthcare Holding Company, LLC and Derwood Limited (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 25, 2017)
10.27	Amended and Restated Management Agreement, dated as of November 6, 2019, by and among Colony Credit Real Estate, Inc., Credit RE Operating Company, LLC and CLNC Manager, LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2019)
10.28	Stockholders Agreement, dated as of January 31, 2018, by and between Colony NorthStar Credit Real Estate, Inc. and Colony Capital Operating Company, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 1, 2018)

Exhibit Number	Description
10.29	Registration Rights Agreement, dated as of January 31, 2018, by and among Colony NorthStar Credit Real Estate, Inc., Colony Capital Operating Company, LLC and NRF RED REIT Corp. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 1, 2018)
10.30	Amended and Restated Aircraft Time Sharing Agreement, dated as of January 16, 2019, by and among Colony Capital Advisors, LLC and Thomas J. Barrack, Jr. (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K filed on March 1, 2019)
10.31	Investment Agreement, dated as of July 7, 2020, by and among Colony Valhalla Partners I-A Holdings, L.P., a Delaware limited partnership, Colony Valhalla Partners I-B Holdings, L.P., a Delaware limited partnership, Colony Valhalla Partners II Holdings, L.P., a Delaware limited partnership, CBRE Caledon Valhalla Aggregator Holdings LP, a Delaware limited partnership and Vantage Data Centers Holdings, LLC, a Delaware limited liability company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 13, 2020)
10.32	Investment Agreement, dated as of July 17, 2020, by and among W-Catalina (S) LLC, Colony Capital Operating Company, LLC, Colony Capital, Inc. (for the limited purposes set forth therein) and the Initial Wafra Representative (as defined therein) (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020) ***
10.33	Carry Investment Agreement, dated as of July 17, 2020, by and among W-Catalina (C) LLC, Colony Capital Operating Company, LLC, Colony DCP (CI) Bermuda, LP, a Bermuda limited partnership, Colony DCP (CI) GP, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 23, 2020) ***
10.34	Investor Rights Agreement, dated as of July 17, 2020, by and among Colony Capital, Inc., Colony Capital Operating Company, LLC, Colony Capital Digital Holdco, LLC, Colony DC Manager, LLC and W-Catalina (S) LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 23, 2020) ***
10.35	Carried Interest Participation Agreement, dated as of July 17, 2020, by and among Colony DCP (CI) Bermuda, LP, Colony DCP (CI) GP, LLC, Colony Capital, Inc., Colony Capital Operating Company, LLC, W-Catalina (S) LLC and W-Catalina (C) LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 23, 2020) ***
10.36	Amended and Restated Restrictive Covenant Agreement, dated as of July 17, 2020, by and between Colony Capital, Inc. and Marc Ganzi (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on July 23, 2020)
10.37	Acknowledgment Letter, dated as of July 17, 2020, by and among Marc Ganzi, W-Catalina (S) LLC, W-Catalina (C) LLC and Colony Capital, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on July 23, 2020)
10.38	Joinder and Amendment to Letter Agreement, dated as of July 22, 2020, by and among Digital Bridge Holdings, LLC, CC Valhalla Investor, LLC, Marc Ganzi, Benjamin Jenkins and the other parties named therein (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020)
10.39	Assignment and Contribution Agreement, dated as of July 22, 2020, by and among Marc Ganzi, Benjamin Jenkins, MCG Analog, LLC, the Ganzi Extended Family Trust, BJJ Analog, LLC, DB Aviator Manager Rollover Holdings, L.P., DCR YieldCo Holdings, LP and DCR and Aviator Holdings GP, LLC (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020)
10.40	Amended and Restated Partnership Agreement of DB Aviator Manager Rollover Holdings, L.P., dated as of July 22, 2020, by and among Colony Valhalla GP, LLC, Colony Capital Acquisitions, LLC, MCG Analog, LLC, Ganzi Extended Family Trust, BJJ Analog, LLC and Valhalla Management Holdings, LLC (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020)
10.41	Agreement of Purchase and Sale, dated as of September 22, 2020, between the CLNY Seller Entities (as named therein) and Silverplate Capital Partners LLC (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020)
10.42	First Amendment to Agreement of Purchase and Sale, dated as of October 9, 2020, between the CLNY Seller Entities (as named therein) and Silverplate Capital Partners LLC (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020)
10.43	Amendment No.2 to Advisory Agreement dated as of June 22, 2020 by and among NorthStar Healthcare Income, Inc., NorthStar Healthcare Income Operating Partnership, LP, CNI NSHC Advisors, LLC and Colony Capital, Inc. (f/k/a Colony Northstar, Inc.) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020)
10.44	Fourth Amendment, dated as of June 29, 2020, to the Second Amended and Restated Credit Agreement dated as of January 10, 2017 among Colony Capital Operating Company, LLC, the Subsidiary Borrowers from time to time party thereto, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 1, 2020)
10.45*	Fifth Amendment, dated as of December 9, 2020, to the Second Amended and Restated Credit Agreement dated as of January 10, 2017 among Colony Capital Operating Company, LLC, the Subsidiary Borrowers from time to time party thereto, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent

Exhibit Number	Description
10.46†	Separation Agreement, dated as of April 1, 2020, by and between Colony Capital, Inc. and Darren J. Tangen (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2020)
10.47†	Separation Agreement, dated as of February 26, 2020, by and between Colony Capital, Inc. and Kevin Traenkle (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2020)
10.48	Cooperation Agreement, dated as of March 19, 2020, by and among Colony Capital, Inc., Jason Aintabi and Blackwells Capital LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 25, 2020)
10.49	Limited Liability Company Agreement of CBW 2020, LLC, dated as of March 19, 2020, by and between CBW MM 2020, LLC and Blackwells Capital LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 25, 2020)
10.50†	Employment Agreement, dated as of March 11, 2020, by and between Colony Capital, Inc. and Jacky Wu (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 16, 2020)
10.51†*	Amended and Restated Employment Agreement, dated as of December 30, 2020, between Colony Capital, Inc. and Neale W. Redington
10.52†*	Offer Letter, dated as of December 18, 2020, by and between Colony Capital, Inc. and Sonia Kim
10.53†*	Separation and Release Agreement, dated as of November 5, 2020, by and between Colony Capital, Inc. and Mark M. Hedstrom
10.54†*	Consulting Agreement, dated as of November 5, 2020, by and between Colony Capital, Inc. and Mark M. Hedstrom
10.55*	Second Amendment to Agreement of Purchase and Sale, dated as of February 28, 2021, between the CLNY Seller Entities (as named therein) and Silverplate Capital Partners LLC
21.1*	List of Subsidiaries of Colony Capital, Inc.
23.1*	Consent of Ernst & Young LLP
31.1*	Certification of Marc C. Ganzi, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Jacky Wu, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Marc C. Ganzi, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Jacky Wu, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104**	Cover Page Interactive Data File

† Denotes a management contract or compensatory plan contract or arrangement.

* Filed herewith.

** The document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

*** Schedules and exhibits to such agreement have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. The Registrant will furnish copies of such schedules and exhibits to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 1, 2021

COLONY CAPITAL, INC.

By: /s/ Marc C. Ganzi

Marc C. Ganzi

Chief Executive Officer and President
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jacky Wu and Ronald M. Sanders and each of them severally, her or his true and lawful attorney-in-fact with power of substitution and re-substitution to sign in her or his name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with this Annual Report on Form 10-K and any and all amendments hereto, as fully for all intents and purposes as she or he might or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and her or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas J. Barrack, Jr. **Thomas J. Barrack, Jr.**	Executive Chairman of Board of Directors	March 1, 2021
/s/ Marc C. Ganzi **Marc C. Ganzi**	Chief Executive Officer and President and Director (Principal Executive Officer)	March 1, 2021
/s/ Jacky Wu **Jacky Wu**	Chief Financial Officer (Principal Financial Officer)	March 1, 2021
/s/ Sonia Kim **Sonia Kim**	Chief Accounting Officer (Principal Accounting Officer)	March 1, 2021
/s/ Nancy A. Curtin **Nancy A. Curtin**	Director	March 1, 2021
/s/ Jeannie H. Diefenderfer **Jeannie H. Diefenderfer**	Director	March 1, 2021
/s/ Jon A. Fosheim **Jon A. Fosheim**	Director	March 1, 2021
/s/ Craig M. Hatkoff **Craig M. Hatkoff**	Director	March 1, 2021
/s/ Gregory J. McCray **Gregory J. McCray**	Director	March 1, 2021
/s/ Raymond C. Mikulich **Raymond C. Mikulich**	Director	March 1, 2021
/s/ George G.C. Parker **George G.C. Parker**	Director	March 1, 2021
/s/ Dale Anne Reiss **Dale Anne Reiss**	Director	March 1, 2021
/s/ John L. Steffens **John L. Steffens**	Director	March 1, 2021

Exhibit 4.43

COLONY CAPITAL INC.
DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO
SECTION 12 OF THESECURITIES EXCHANGE ACT OF 1934

The *following description sets forth certain material terms and provisions of our securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This description also summarizes relevant provisions of Maryland law and certain provisions of our Articles of Amendment and Restatement (the "Charter") and our Amended and Restated Bylaws (the "Bylaws"). The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Maryland law and our Charter and Bylaws, each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.50 is a part. We encourage you to read the Charter, the Bylaws and the applicable provisions of Maryland law for additional information.*

General

Our Charter provides that we are authorized to issue up to 1,250,000,000 shares of stock, consisting of 949,000,000 shares of Class A common stock ("Class A common stock"), 1,000,000 shares of Class B common stock ("Class B common stock"), 50,000,000 shares of Performance common stock ("Performance common stock"), and up to 250,000,000 shares of preferred stock, of which: (i) 14,920,000 shares are classified as Series B preferred stock ("Series B preferred stock"), (ii) 10,350,000 shares are classified as Series E preferred stock ("Series E preferred stock"), (iii) 3,450,000 shares are classified Series G preferred stock ("Series G preferred stock"); (iv) 11,500,000 shares are classified as Series H preferred stock ("Series H preferred stock"); (v) 13,800,000 shares are classified as Series I preferred stock ("Series I preferred stock"); and (vi) 12,650,000 shares are classified as Series J preferred stock ("Series J preferred stock").

Common Stock

Voting Rights of Common Stock

Subject to the provisions of our Charter regarding the restrictions on transfer and ownership of shares of our securities and except as may otherwise be specified in the terms of any class or series of shares of common stock or Performance common stock, each outstanding share of Class A common stock entitles the holder to one vote and each outstanding share of Class B common stock entitles the holder to 36.5 votes on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of shares of stock, the holders of such shares of Class A common stock and Class B common stock will possess the exclusive voting power and will vote as a single class. There will be no cumulative voting in the election of directors. A nominee for director shall be elected as a director only if such nominee receives the affirmative vote of a majority of the total votes cast for and against such nominee, unless there is a contested election, in which case directors shall be elected by a plurality of votes cast at a meeting. Holders of shares of Performance common stock are not entitled to vote, except that the consent of the holders of a majority of the shares of Performance common stock, voting as a separate class, is required for any amendment to our Charter that would increase or decrease the aggregate number of shares of Performance common stock, increase or decrease the par value of the shares of Performance common stock, or alter or change the powers, preferences or special rights of the Performance common stock so as to affect them adversely.

Under the Maryland General Corporation Law, as amended (the "MGCL"), a Maryland corporation generally cannot dissolve, amend its charter, merge, convert into another form of entity, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless declared advisable by our board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our Charter provides that these actions (other than amendments to the provisions of our Charter related to the restrictions on ownership and transfer of shares of our securities and related Charter amendments, which each require the affirmative vote of the stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter) may be taken if declared advisable by our board of directors and approved by the vote of stockholders entitled to cast at least a majority of all the votes entitled to be cast on the matter. However, Maryland law permits a corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation.

Dividends, Liquidation and Other Rights

Subject to the preferential rights of any other class or series of stock of our company, including our preferred stock, described below, and subject to the provisions of our Charter regarding the restrictions on ownership and transfer of shares of our securities, holders of shares of common stock and Performance common stock are entitled to receive dividends on such shares of stock if, as and when authorized by our board, and declared by us out of assets or funds legally available therefor. Such holders are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of its liquidation, dissolution or winding up or any distribution of our assets after payment or establishment of reserves or other adequate provision for all debts and liabilities of our company and any class or series of stock with preferential rights related thereto, including preferred stock. Under Maryland law, stockholders generally are not liable for the corporation's debts or obligations. If and when our board authorizes or declares a dividend or other distribution with respect to our Class A common stock, such authorization or declaration will constitute a simultaneous authorization or declaration of an equivalent dividend or other distribution with respect to each share of our Class B common stock and each share of our Performance common stock; provided, however, that dividends on shares of our Performance common stock may not exceed any dividends declared on shares of our Class A common stock at the time such dividend is made.

Holders of shares of our common stock and Performance common stock have no preference, conversion (other than as described below with respect to our Class B common stock and Performance common stock), exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any of our securities and have appraisal rights as described below. Subject to the provisions of our Charter regarding the restrictions on ownership and transfer of shares of our securities, shares of our common stock and Performance common stock will have equal dividend, liquidation and other rights.

In the event of any liquidation, dissolution or winding up of our company or any distribution of the assets of our company, each holder of common stock will be entitled to participate, together with any other class of stock not having a preference over our common stock, in the distribution of any remaining assets after payment of our debts and liabilities and distributions to holders of shares having a preference over our common stock.

Power to Reclassify Our Unissued Shares of Our Securities

Our Charter authorizes our board to classify and reclassify any unissued shares of our common stock or preferred stock into other classes or series of shares of our common stock or preferred stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series. As a result, subject to any preferences on the preferred stock, our board could authorize the issuance of a new series or class of shares of preferred stock that have priority over the common stock with respect to dividends, distributions and rights upon liquidation and with other terms and conditions that could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of shares of our common stock or otherwise might be in their best interest.

Power to Issue Additional Shares of Our Securities

We believe that the power of our board to issue additional authorized but unissued shares of our securities and to classify or reclassify unissued shares of our securities and thereafter to cause the issuance of such classified or reclassified shares of our securities will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board does not intend to do so, it could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for holders of our securities or that our stockholders might not view as being in the best interest of our stockholders.

Dissenters' Rights

Our Charter establishes certain dissenters' rights in addition to those available to stockholders of a Maryland corporation with stock listed on a national securities exchange. The MGCL provides that a dissenting or objecting stockholder has the right to demand and receive payment of the fair value of the stockholder's stock from a successor corporation if: (i) the corporation consolidates or merges with another corporation; (ii) the corporation's stock is to be acquired in a share exchange; (iii) the corporation transfers all or substantially all of its assets in a transaction requiring approval of the corporation's stockholders; (iv) the corporation amends its charter in a way which alters the contract rights, as expressly set forth in the charter, of any outstanding stock and substantially adversely affects the stockholder's rights, unless the right to do so is reserved in the charter of the corporation (which right is so reserved in our Charter); (v) the transaction is subject to certain provisions of the Maryland Business Combination Act; or (vi) the corporation is being converted to another entity form.

The MGCL provides that, subject to a limited exception, a stockholder may not demand the fair value of the stockholder's stock and is bound by the terms of the transaction if, among other things, the stock is listed on a national securities exchange on the record date for determining stockholders entitled to vote on the matter. Holders of shares of our Class A and Class B common stock shall be entitled to exercise the rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute. In addition to the statutory rights of objecting stockholders and notwithstanding the limitations on exercising the rights of an objecting stockholder when the stock is listed on a national securities exchange, a holder of shares of our Class A common stock or Class B common stock shall have the additional right, pursuant to our Charter, to demand and receive payment of the fair value of such stockholder's shares of common stock in any merger, consolidation or statutory share exchange if the holder is required by the terms of an agreement or plan of merger, consolidation or statutory share exchange to accept for such shares anything except:

- shares of stock of the corporation surviving or resulting from such merger, consolidation, or statutory share exchange, or depository receipts in respect thereof;

- shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

- cash in lieu of fractional shares or fractional depository receipts described in the foregoing clauses; or

- any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing clauses.

Holders of shares of our Class A common stock or Class B common stock exercising the rights of an objecting stockholder provided in our Charter must comply with the requirements to properly exercise such rights set forth in Title 3, Subtitle 2 of the MGCL to the same extent as if they were exercising the rights of objecting stockholders provided for in Title 3, Subtitle 2 of the MGCL or any successor statute.

Conversion of Our Class B Common Stock

Subject to the provisions of our Charter regarding the restrictions on transfer and ownership of shares of our securities, each share of Class B common stock will convert automatically.

- into one fully paid and non-assessable share of Class A common stock, if Thomas J. Barrack, Jr., our Chief Executive Officer, Executive Chairman and a member of our board of directors, or any of his family members (or trusts for the benefit of his family members) directly or indirectly transfers beneficial ownership of Class B common stock other than among each other, for each share of Class B common stock so transferred; and

- into one fully paid and non-assessable share of Class A common stock for every 35.5 Colony OP units (as defined below) involved in such transfer or cessation if Mr. Barrack directly or indirectly transfers beneficial ownership of any membership units in our Operating Partnership, which we refer to as "Colony OP units," directly or indirectly held by him, other than to a "Qualified Transferee" (as defined below), any Qualified Transferee directly or indirectly transfers beneficial ownership of OP units directly or indirectly held by it other than to Mr. Barrack or to another Qualified Transferee, or a Qualified Transferee that beneficially owns OP units ceases at any time to continue to be a "Qualified Transferee" (including, without limitation, the failure of a Qualified Transferee that is an executive of our company to be employed by our company or as the result of a divorce or annulment).

"Qualified Transferee" means Colony Capital, LLC and Colony Capital Holdings, LLC and any member or interest holder of CCH Management Partners I, LLC, CCH Management Partners II, LLC, Colony Capital, LLC or Colony Capital Holdings, LLC for so long as any such person remains employed by our company or our affiliates, any family member or affiliate of such persons or any person controlled by any combination of one or more of such persons or their family members. None of our company, our operating partnership, or a charitable trustee to whom shares are transferred pursuant to the ownership and transfer restrictions under our Charter will be a Qualified Transferee. The purpose of this automatic conversion feature is to ensure that the holders of our Class B common stock do not at any time have votes in excess of the number of Colony OP units then held by them (or the other permitted holders described above); to the extent that a share of Class B common stock or any group of 35.5 Colony OP units is transferred or ceases to be held by a permitted holder, a share of Class B common stock will convert into one share of Class A common stock, thereafter carrying only one vote.

Each holder of Class B common stock will have the right, at the holder's option at any time and from time to time, to convert all or a portion of such holder's Class B common stock into an equal number of fully paid and nonassessable shares of Class A common stock by delivering the certificates (if any) representing the shares of Class B common stock to be converted, duly endorsed for transfer, together with a written conversion notice to the transfer agent for Class B common stock (or if there is no transfer agent, to us).

Conversion of Our Performance Common Stock

As all outstanding shares of our Performance common stock converted automatically to Class A common stock in connection with the tri-party merger (the "Merger") among Colony Capital, Inc., NorthStar Asset Management Group Inc. and NorthStar Realty Finance Corp., which closed on January 10, 2017, we have no shares of Performance common stock outstanding. We do not intend to issue any Performance common stock in the future.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Listing

Our Class A common stock is listed for trading on the NYSE. It is listed under the symbol "CLNY."

Certain Provisions of Maryland Law and Our Charter and Bylaws

Our Board of Directors

Our Charter and Bylaws provide that, subject to the rights of holders of one or more classes or series of preferred stock, the number of directors of our company may be established by our board but may not be fewer than the minimum required by the MGCL (which is currently one) nor more than 15. Our Charter provides that vacancies on our board may be filled in the manner provided in our Bylaws, which provide that vacancies on our board may be filled by a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, or by the stockholders to the extent that such vacancy results from the removal of a director by the stockholders. Under Maryland law, stockholders may fill a vacancy on our board that is caused by the removal of a director. Any director elected to fill a vacancy will serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualified.

There will be no cumulative voting in the election of directors. A nominee for director shall be elected as a director if such nominee receives the affirmative vote of a majority of the total votes cast for and against such nominee at a meeting of stockholders duly called and at which a quorum is present. However, directors shall be elected by a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present for which (i) our secretary receives notice that a stockholder has nominated an individual for election as a director in compliance with the advance notice requirements set forth in our Bylaws; and (ii) such nomination has not been withdrawn by such stockholder on or before the close of business on the 10th day before the date of filing of our definitive proxy statement with the SEC, and, as a result of which, the number of nominees is greater than the number of directors to be elected at the meeting. We adopted a resignation policy in our Corporate Governance Guidelines that requires an incumbent director who fails to receive the required vote for re-election to offer to resign from our board.

Removal of Directors

Our Charter provides that, subject to the rights of holders of one or more classes or series of preferred stock, a director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of shares entitled to cast a majority of the votes entitled to be cast generally in the election of directors.

Action by Written Consent

Our Charter and Bylaws, taken together, provide that stockholders may act by unanimous written consent, or, if the action is first declared advisable by our board of directors, if authorized by the written consent of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize the action at a meeting of stockholders.

Business Combinations

Under Maryland law, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors of the corporation approved in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction, our board may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation;
- and two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder

These supermajority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute provides various exemptions from its provisions, including for business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board, through a board resolution, has exempted any business combinations between us and any person, provided that any such business combination is first approved by our board (including a majority of the directors of our company who are not affiliates or associates of such person). Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any interested stockholders (or their affiliates) that are first approved by our board of directors. As a result, such parties may be able to enter into business combinations with us that may not be in the best interest of the stockholders of our company, without compliance with the supermajority vote requirements and the other provisions of the statute.

The business combination statute may discourage others from trying to acquire control of our company and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland law provides that control shares (as defined below) of a Maryland corporation acquired in a control share acquisition (as defined below) have no voting rights except to the extent approved by the affirmative vote of the holders entitled to cast two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights of the control shares acquired in a control share acquisition are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or, if a meeting of stockholders is held at which the voting rights of the shares are considered and not approved, as of the date of the meeting. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply: (i) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction; or (ii) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our Bylaws contain a provision exempting us from the control share acquisition statute. This provision may be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in its charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a special meeting of stockholders.

Our Charter provides that we may not elect to be subject to any of the provisions of Subtitle 8.

Amendments to Our Charter

Subject to the rights of any shares of preferred stock outstanding from time to time and except for its provisions relating to the restrictions on ownership and transfer of shares of our securities and related Charter amendments (which each require the affirmative vote of the stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter), our Charter may be amended only if declared advisable by our board and, except in limited circumstances where stockholder approval is not required by the MGCL, approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

Amendments to Our Bylaws

Our Bylaws may be amended, altered, repealed, or rescinded by our board of directors or by stockholders by the affirmative vote of a majority of all the votes entitled to be cast in the election of directors. Any amendment of our Bylaws approved by our stockholders may not thereafter be amended by our board of directors without the affirmative vote of a majority of all the votes entitled to be cast in the election of directors.

Dissolution

The dissolution of or company must be declared advisable by our board and approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

Special Meetings of Stockholders

The Chairman of our board, Vice Chairman of our board, our Chief Executive Officer, our President and our board may call special meetings of our stockholders. A special meeting of our stockholders to act on any matter that may properly be considered at a meeting of our stockholders must also be called by our secretary upon the written request of stockholders entitled to cast 25% of all the votes entitled to be cast on such matter at the meeting and containing the information required by our Bylaws.

Advance Notice of Director Nominations and New Business

Our Bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our board and the proposal of business to be considered by stockholders may be made only: (i) pursuant to notice of the meeting; (ii) by or at the direction of our board; or (iii) by a stockholder of record at the time of giving notice, at the record date set by our board for the purpose of determining stockholders entitled to vote at the annual meeting and at the time of the annual meeting, who is entitled to vote at the meeting in the election of directors and who has complied with the advance notice procedures of our Bylaws. Stockholders generally must provide notice to our secretary not before the 150th day or after the 120th day before the first anniversary of the date of our proxy statement for the solicitation of proxies for the election of directors at the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the preceding year's annual meeting, in order for notice by the stockholder to be timely, such notice must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m. (Eastern Time) on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the 10th day following the day on which public announcement of the date of such meeting is first made.

With respect to special meetings of stockholders, only the business specified in the notice of the meeting may be brought before the meeting. Nominations of persons for election to the board at a special meeting may be made only: (i) by the board; or (ii) by a stockholder at a special meeting that has been called in accordance with our Bylaws for the purpose of electing directors, provided that such stockholder is a stockholder of record at the record date set by our board for the special meeting and has complied with the advance notice provisions of our Bylaws. Stockholders generally must provide notice to our secretary no earlier than the 120th day before such special meeting and no later than the later of the 90th day before the special meeting or the 10th day after public announcement of the date of the special meeting and the nominees of our board to be elected at the meeting.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

The business combination provisions and the control share acquisition provisions of Maryland law (if later we decide to be bound by such provisions), the restrictions on ownership and transfer of shares of our securities and the advance notice provisions of our Bylaws could delay, defer or prevent a transaction or a change in the control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interest.

Exculpation and Indemnification of Our Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from: (i) actual receipt of an improper benefit or profit in money, property or services; or (ii) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our Charter contains such a provision which eliminates liability of our directors and officers to the maximum extent permitted by Maryland law.

Our Charter and Bylaws obligate our company, to the maximum extent permitted by Maryland law, to indemnify any present or former director or officer or any individual who, while a director of our company and at our request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, trustee, member, manager, employee, partner or agent, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our Charter and Bylaws also require us to indemnify and advance expenses to any person who served a predecessor of our company in any of the capacities described above and any employee or agent of our company or a predecessor of our company.

Maryland law requires a corporation (unless its charter provides otherwise, which our Charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made a party to, or witness in, by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party to, or witness in, by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

A Maryland corporation may not indemnify a director or officer with respect to a proceeding by or in the right of the corporation in which the director or officer was adjudged liable to the corporation or a proceeding charging improper personal benefit to the director or officer in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification is limited to expenses for an adverse judgment in a suit by or in the right of the corporation, or for a judgment of liability on the basis that personal benefit was improperly received. In addition, Maryland law permits a corporation, and our Charter requires us, to advance reasonable expenses to a director or officer upon the corporation’s receipt of: (i) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and (ii) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We have entered into indemnification agreements with each of our directors and executive officers which require that we indemnify such directors and officers to the maximum extent permitted by Maryland law and that we pay such persons' expenses in defending any civil or criminal proceeding in advance of final disposition of such proceeding.

Insofar as indemnification for liabilities arising under the Securities Act may be provided to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, in the opinion of the Securities and Exchange Commission (the "SEC") such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Exclusive Forum

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the U.S. District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of our company; (ii) any action asserting a claim of breach of any duty owed by any director or officer or other employee of our company to our company or to the stockholders of our company; (iii) any action asserting a claim against our company or any director or officer or other employee of our company arising pursuant to any provision of the MGCL or our Charter or Bylaws; or (iv) any action asserting a claim against us or any director or officer or other employee of our company that is governed by the internal affairs doctrine.

Restrictions on Ownership and Transfer

In order for us to qualify as a real estate investment trust (a "REIT") under the Internal Revenue Code (the "Code"), shares of our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock (after taking into account options to acquire shares of common stock) may be owned, directly, indirectly or through attribution, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

In order to assist us in complying with the limitations on the concentration of ownership of REIT stock imposed by the Code, our Charter generally prohibits any person (other than a person who has been granted an exception from actually or constructively owning more than 9.8% of the aggregate of the outstanding shares of our capital stock by value, or 9.8% of the aggregate of the outstanding shares of our common stock by value or by number of shares, whichever is more restrictive. However, our Charter permits exceptions to be made for stockholders provided our board of directors determines such exceptions will not jeopardize our qualification as a REIT.

Our Charter also prohibits any person from (1) beneficially or constructively owning shares of our capital stock that would result in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), (2) transferring shares of our capital stock if such transfer would result in our being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), (3) beneficially or constructively owning shares of our capital stock that would result in our owning (directly or indirectly) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if income derived by us (either directly or indirectly through one or more partnerships or limited liability companies) from such tenant during which such determination is being made would reasonably be expected to equal or exceed the lesser of (a) 1% of our gross income (as determined for purposes of Section 856(c) of the Code), or (b) an amount that would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code, and (4) beneficially or constructively owning shares of our capital stock that would cause us otherwise to fail to qualify as a REIT. Any person who acquires or attempts or intends to acquire beneficial ownership of shares of our capital stock that will or may violate any of the foregoing restrictions on transferability and ownership is required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfers on our qualification as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interest to attempt to qualify, or to qualify, or to continue to qualify, as a REIT. In addition, our board of directors may determine that compliance with the foregoing restrictions is no longer required for our qualification as a REIT.

Our board of directors, in its sole discretion, may exempt a person, prospectively or retroactively, from the aggregate stock ownership limit or the common stock ownership limit (together, the "ownership limits") described above. However, our board of directors may not grant an exemption to any person unless our board of directors obtains such representations, covenants and understandings as our board of directors may deem appropriate in order to determine that granting the exemption would not result in our losing our qualification as a REIT. As a condition of granting the exemption, our board of directors may require a ruling from the IRS or an opinion of counsel in either case in form and substance satisfactory to our board of directors, in its sole discretion in order to determine or ensure our qualification as a REIT.

In addition, our board of directors from time to time may increase or decrease the ownership limits. However, the ownership limits may not be increased if, after giving effect to such increase, five or fewer individuals could own or constructively own in the aggregate, more than 49.9% in value of the shares then outstanding.

If any transfer of our shares of stock occurs which, if effective, would result in any person beneficially or constructively owning shares of stock in excess, or in violation, of the above transfer or ownership limits, such person known as a prohibited owner, then that number of shares of stock, the beneficial or constructive ownership of which otherwise would cause such person to violate the transfer or ownership limitations (rounded up to the nearest whole share), will be automatically transferred to a charitable trust for the exclusive benefit of a charitable beneficiary, and the prohibited owner will not acquire any rights in such shares. This automatic transfer will be considered effective as of the close of business on the business day before the violative transfer.

If the transfer to the charitable trust would not be effective for any reason to prevent the violation of the above transfer or ownership limits, then the transfer of that number of shares of stock that otherwise would cause any person to violate the above limitations will be void. Shares of stock held in the charitable trust will continue to constitute issued and outstanding shares of our stock. The prohibited owner will not benefit economically from ownership of any shares of stock held in the charitable trust, will have no rights to dividends or other distributions and will not possess any rights to vote or other rights attributable to the shares of stock held in the charitable trust. The trustee of the charitable trust will be designated by us and must be unaffiliated with us or any prohibited owner and will have all voting rights and rights to dividends or other distributions with respect to shares of stock held in the charitable trust, and these rights will be exercised for the exclusive benefit of the trust's charitable beneficiary. Any dividend or other distribution paid before our discovery that shares of stock have been transferred to the trustee will be paid by the recipient of such dividend or distribution to the trustee upon demand, and any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or distribution so paid to the trustee will be held in trust for the trust's charitable beneficiary. Subject to Maryland law, effective as of the date that such shares of stock have been transferred to the charitable trust, the trustee, in its sole discretion, will have the authority to:

- rescind as void any vote cast by a prohibited owner prior to our discovery that such shares have been transferred to the charitable trust; and

- recast such vote in accordance with the desires of the trustee acting for the benefit of the trust's charitable beneficiary.

However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast such vote.

Within 20 days of receiving notice from us that shares of stock have been transferred to the charitable trust, and unless we buy the shares first as described below, the trustee will sell the shares of stock held in the charitable trust to a person, designated by the trustee, whose ownership of the shares will not violate the ownership limitations in our Charter. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary. The prohibited owner will receive the lesser of:

- the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the charitable trust (for example, in the case of a gift or devise), the market price of the shares on the day of the event causing the shares to be held in the charitable trust; and
- the price per share received by the trustee from the sale or other disposition of the shares held in the charitable trust (less any commission and other expenses of a sale).

The trustee may reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. Any net sale proceeds in excess of the amount payable to the prohibited owner will be paid immediately to the charitable beneficiary. If, before our discovery that shares of stock have been transferred to the charitable trust, such shares are sold by a prohibited owner, then:

- such shares will be deemed to have been sold on behalf of the charitable trust; and

- to the extent that the prohibited owner received an amount for such shares that exceeds the amount that the prohibited owner was entitled to receive as described above, the excess must be paid to the trustee upon demand.

In addition, shares of stock held in the charitable trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in such transfer to the charitable trust (or, in the case of a gift or devise, the market price at the time of the gift or devise); and

- the market price on the date we, or our designee, accept such offer.

We may reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. We may pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We will have the right to accept the offer until the trustee has sold the shares of stock held in the charitable trust. Upon such a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee will be paid to the charitable beneficiary.

All certificates representing shares of our capital stock bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) in value of the outstanding shares of our capital stock within 30 days after the end of each taxable year, will be required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of shares of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each owner shall provide to us such additional information as we may request in order to determine the effect, if any, of the owner's beneficial ownership on our qualification as a REIT and to ensure compliance with the aggregate stock ownership limit. In addition, each stockholder shall upon demand be required to provide to us such information as we may request in order to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Our ownership limitations could delay, defer or prevent a transaction or a change in control of us that might involve a premium price for holders of our common stock or might otherwise be in the best interest of our stockholders.

Preferred Stock

General

Our Charter authorizes our board of directors, without the approval of our stockholders, to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares of preferred stock of any series. Prior to the issuance of shares of any series, our board of directors is required by the MGCL and our Charter to set, subject to the provisions of our Charter regarding restrictions on transfer of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such series, all of which are set forth in articles supplementary to our Charter adopted for that purpose by our board of directors or a duly authorized special committee thereof (or will be, with respect to future series of preferred stock). Using this authority, our board of directors could authorize the issuance of shares of preferred stock with terms and conditions that could delay, defer or prevent a transaction or a change in control that might involve a premium price for holders of our common stock or for other reasons be desired by them.

Upon issuance against full payment of the purchase price therefor, shares of preferred stock are fully paid and nonassessable. The description of preferred stock set forth below does not purport to be complete and is qualified in its entirety by reference to the articles supplementary relating to the applicable class or series of preferred stock.

Rank

Our outstanding preferred stock, with respect to dividend rights and rights upon our liquidation, dissolution or winding up, ranks:

- senior to all classes or series of our common stock, and to all our equity securities ranking junior to such preferred stock with respect to dividend rights or rights upon our liquidation, dissolution or winding up;

- on a parity with all equity securities authorized or designated by us, the terms of which specifically provide that such equity securities rank on a parity with the preferred stock with respect to dividend rights or rights upon our liquidation, dissolution or winding up; and

- junior to all our existing and future indebtedness and to any class or series of equity securities authorized or designated by us, the terms of which specifically provide that such equity securities rank senior to the preferred stock with respect to dividend rights or rights upon our liquidation, dissolution or winding up.

Outstanding Preferred Stock

Holders of our preferred stock are entitled to receive, when, as and if authorized by our board of directors, and declared by them out of assets legally available for payment, cumulative cash dividends at the applicable stated rate. The stated rate for the Series B preferred stock is 8.25% of the $25 liquidation preference per share, or $2.0625 per share, per annum; the stated rate for the Series E preferred stock is 8.75% of the $25 liquidation preference per share, or $2.1875 per share, per annum; the stated rate for the Series G preferred stock is 7.50% of the $25 liquidation preference per share, or $1.875 per share, per annum; the stated rate for the Series H preferred stock is 7.125% of the $25 liquidation preference per share, or $1.78125 per share, per annum; the stated rate for the Series I preferred stock is 7.15% of the $25 liquidation preference per share, or $1.7875 per share, per annum; and the stated rate for the Series J preferred stock is 7.125% of the $25 liquidation preference per share, or $1.78125 per share, per annum.

We may not redeem the preferred stock prior to five years from the date of the original issuance of the applicable series of preferred stock, which, for the Series B preferred stock, such five year period ended on February 7, 2012; for the Series E preferred stock, such five year period ended on May 15, 2019; for the Series G preferred stock, such five year period ended on June 19, 2019; for the Series H preferred stock, such five year period will end on April 13, 2020; for the Series I preferred stock, such five year period will end on June 5, 2022; and for the Series J preferred stock, such five year period will end on September 22, 2022, except in certain circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT or pursuant to certain special optional redemption rights. On or after five years from the date of the original issuance of the applicable series of preferred stock described in this paragraph, we may, at our option, upon the notice periods set forth in the applicable Articles Supplementary creating the series of preferred stock, redeem the preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends thereon to the date fixed for redemption, without interest.

Except for our Series B preferred stock, the other outstanding series of our preferred stock are subject to certain conversion and optional redemption rights upon a change of control.

The foregoing summaries of our Series B preferred stock, Series E preferred stock, Series G preferred stock and Series H preferred stock are qualified in their entirety by reference to the descriptions of those series included in our Charter, a copy of which is incorporated by reference into the Annual Report on Form 10-K of which this

Exhibit 4.43 is a part. The foregoing summary of our Series I preferred stock is qualified in its entirety by reference to the description of our Series I preferred stock included in the articles supplementary designating the Series I preferred stock, a copy of which is incorporated by reference into the Annual Report on Form 10-K of which this Exhibit 4.43 is a part. The foregoing summary of our Series J preferred stock is qualified in its entirety by reference to the description of our Series J preferred stock included in the articles supplementary designating the Series J preferred stock, a copy of which is incorporated by reference into the Annual Report on Form 10-K of which this Exhibit 4.43 is a part.

Series B and Series E Preferred Stock Redemption

In January 2020, the Company completed the redemption of all of its outstanding shares of Series B preferred stock and Series E preferred stock. The cash redemption price for each share of Series B preferred stock was $25.00, plus any accrued and unpaid dividends (whether or not declared) from November 15, 2019 up to, but not including, the redemption date of January 10, 2020 (the "Redemption Date"). The cash redemption price for each share of Series E preferred stock was $25.00, plus any accrued and unpaid dividends (whether or not declared) from November 15, 2019 up to, but not including, the Redemption Date. Dividends on the Series B preferred stock and Series E preferred stock ceased to accrue on the Redemption Date. Following redemption, the Series B preferred stock and Series E preferred stock are no longer be outstanding, and all rights of the holders of such shares terminated, except the right of the holders to receive the cash payable upon such redemption, without interest. Upon redemption, the Series B preferred stock and Series E preferred stock were delisted from trading on the New York Stock Exchange.

Transfer Agent and Registrar

The transfer agent and registrar for preferred stock is American Stock Transfer & Trust Company, LLC.

EXHIBIT 10.45

EXECUTION VERSION

FIFTH AMENDMENT

This Fifth Amendment, dated as of December 9, 2020 (this "Amendment"), to the Second Amended and Restated Credit Agreement dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, including pursuant to the First Amendment, dated as of January 12, 2018, the Second Amendment, dated as of January 8, 2019, the Third Amendment, dated as of April 5, 2019 and the Fourth Amendment, dated as of June 29, 2020, the "Credit Agreement"), among COLONY CAPITAL OPERATING COMPANY, LLC (the "Parent Borrower"), the Subsidiary Borrowers from time to time party thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Parent Borrower, the Lenders and the Administrative Agent are parties to the Credit Agreement, and the Parent Borrower has requested that the Credit Agreement be amended as set forth herein;

WHEREAS, as permitted by Section 10.1 of the Credit Agreement, the Administrative Agent and the Required Lenders are willing to agree to this Amendment upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises contained herein, the parties hereto agree as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms are used herein as defined in the Credit Agreement as amended hereby.

SECTION 2. Amendments to the Credit Agreement. Subject to the satisfaction of the conditions set forth in Section 3, the Credit Agreement is hereby amended in accordance with Exhibit A hereto by deleting the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and by inserting the double-underlined text (indicated textually in the same manner as the following example: double-underlined text), in each case in the place where such text appears therein; and

SECTION 3. Conditions to Effectiveness of this Amendment. This Amendment shall become effective on the date on which the following conditions precedent have been satisfied or waived (the date on which such conditions shall have been so satisfied or waived, the "Fifth Amendment Effective Date"):

(a) The Administrative Agent shall have received a counterpart of this Amendment, executed and delivered by a duly authorized officer of the Parent Borrower and each Lender party hereto (who, for the avoidance of doubt, constitute Required Lenders).

(b) The Administrative Agent shall have received) all expenses for which invoices have been presented (including the reasonable and documented out-of-pocket fees and expenses of legal counsel), in each case, on or before the Fifth Amendment Effective Date.

(c) After giving effect to this Amendment (i) no Default or Event of Default shall have occurred and be continuing and (ii) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of such date as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date).

(d) The Administrative Agent shall have received a certificate signed by a duly authorized officer of the Parent Borrower certifying that the conditions specified in clause (c) of this Section 3 have been satisfied as of the Fifth Amendment Effective Date.

SECTION 4. Representations and Warranties. On and as of the date hereof, the Parent Borrower hereby confirms, reaffirms and restates that, after giving effect to this Amendment (i) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents are true and correct in all material respects (or, in the case of such representations and warranties qualified by materiality, in all respects) on and as of the date hereof as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, in the case of such representations and warranties qualified by materiality, in all respects) as of such earlier date) and (ii) no Default or Event of Default shall have occurred or be continuing on the date hereof.

SECTION 5. Continuing Effect; No Other Amendments or Consents.

(a) Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the Credit Agreement specified herein and shall not constitute a consent, waiver or amendment of, or an indication of the Administrative Agent's or the Lenders' willingness to consent to any action requiring consent under any other provisions of the Credit Agreement or the same subsection for any other date or time period. Upon the effectiveness of the amendments set forth herein, on and after the Fifth Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "the Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "Credit Agreement," "thereunder," "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

(b) The Parent Borrower and the other parties hereto acknowledge and agree that this Amendment shall constitute a Loan Document.

SECTION 6. Expenses. The Parent Borrower agrees to pay and reimburse the Administrative Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and delivery of this Amendment, and any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable and documented out-of-pocket fees and disbursements of one counsel to the Administrative Agent in accordance with the terms in the Credit Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts by the parties hereto (including by facsimile and electronic (e.g. ".pdf", or ".tif") transmission), each of which counterparts when so executed shall be an original, but all the counterparts shall together constitute one and the same instrument. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Fifth Amendment and/or any document to be signed in connection with this Fifth Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be.

SECTION 8. Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Each party hereto acknowledges and agrees that its submission of a signature page to this Amendment is irrevocable and binding on such party and its respective successors and assigns even if such signature page is submitted prior to the effectiveness of any amendment contained herein.

SECTION 9. **GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

COLONY CAPITAL OPERATING COMPANY, LLC

By: /s/ Ronald M. Sanders
Name: Ronald M. Sanders
Title: Vice President

COLONY CAPITAL INVESTMENT HOLDCO, LLC

By: /s/ Ronald M. Sanders
Name: Ronald M. Sanders
Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and as a Lender

By: /s/ Diego E Nunes
Name: Diego E Nunes
Title: Executive Director
J.P. Morgan

BANK OF AMERICA, N.A., as a Lender

By: /s/ Dennis Kwan
Name: Dennis Kwan
Title: Senior Vice President

BARCLAYS BANK PLC, as a Lender

By: /s/ Jake Lam
Name: Jake Lam
Title: Assistant Vice President

Citibank, N.A., as a Lender

By: /s/ Chris Albano
Name: Chris Albano
Title: Authorized Signatory

Credit Suisee AG, Cayman Islands Branch, as a Lender

By: /s/ William O'Daly
Name: William O'Daly
Title: Authorized Signatory

By: /s/ Andrew Griffin
Name: Andrew Griffin
Title: Authorized Signatory

DEUTSCHE BANK AG NEW YORK BRANCH,

as a Lender

By: /s/ Annie Chung
Name: Annie Chung (annie.chung@db.com)
Title: Director (212-250-6375)

By: /s/ Ming K Chu
Name: Ming K Chu (ming.k.chu@db.com)
Title: Director (212-250-5451)

UBS AG, Stamford Branch, as a Lender

By: /s/ Anthony Joseph
Name: Anthony Joseph
Title: Associate Director

By: /s/ Ken Chin
Name: Ken Chin
Title: Director

MORGAN STANLEY SENIOR FUNDING, INC., as a Lender

By: /s/ Jack Kuhns
Name: Jack Kuhns
Title: Vice President

CIT Bank, N.A., as a Lender

By: s/s Michael Pedone
Name: Michael Pedone
Title: Managing Director

Exhibit A

AMENDED CREDIT AGREEMENT

[See attached]

EXECUTION VERSION

CONFORMED VERSION

ANNEX A

SECOND AMENDED AND RESTATED CREDIT AGREEMENT,

as amended to reflect the First Amendment, dated as of January 12, 2018,
the Second Amendment, dated as of January 8, 2019,
the Third Amendment, dated as of April 5, 2019 ~~and~~,
the Fourth Amendment, dated as of June 29, 2020 and
the Fifth Amendment, dated as of December 9, 2020

among

COLONY CAPITAL OPERATING COMPANY, LLC,

as Parent Borrower,

The Other Subsidiary Borrowers from Time to Time Parties Hereto,

The Several Lenders from Time to Time Parties Hereto,

and

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent

Dated as of January 10, 2017

JPMORGAN CHASE BANK, N.A. and BOFA SECURITIES, INC.,

as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A., as Syndication Agent

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<u>EXHIBITS</u>:

A Form of Guarantee and Collateral Agreement
B Form of Compliance Certificate
C Form of Closing Certificate
D Form of Assignment and Assumption
E Form of Notice of Borrowing/Conversion/Continuation
F Form of U.S. Tax Compliance Certificate
G [Reserved]
H [Reserved]
I Form of Guarantee and Collateral Acknowledgment
J Form of Subsidiary Borrower Joinder Agreement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT (as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and as further amended, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of January 10, 2017, among Colony Capital Operating Company, LLC, a Delaware limited liability company (the "Parent Borrower"), the Subsidiary Borrowers (as defined below) from time to time party hereto, the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent.

WHEREAS, the Parent Borrower, the Administrative Agent (as defined below) and certain Lenders are parties to that certain Amended and Restated Credit Agreement dated as of March 31, 2016 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Parent Borrower has requested that the Existing Credit Agreement be amended and restated as hereinafter provided; and

WHEREAS, the Lenders and the Administrative Agent are willing to amend and restate in its entirety the Existing Credit Agreement upon and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby agree that, on the Closing Date (as defined below), the Existing Credit Agreement will be amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"3.875% Convertible Notes": as defined in the definition of "Convertible Notes".

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16th of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Eurodollar Rate on such day (or if such day is not a Business Day, the next preceding Business Day) for a deposit in Dollars with a maturity of one month plus 1.0%, provided that for the purpose of this definition, the Eurodollar Rate for any day shall be based on the Screen Rate (or if the Screen Rate is not available for a deposit in Dollars with a maturity of one month, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the ABR due to a change in the Prime Rate, the NYFRB Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Eurodollar Rate, respectively. If the ABR is being used as an alternate rate of interest pursuant to Section 2.11 hereof, then the ABR shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the ABR shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"ABR Loans": Loans the rate of interest applicable to which is based upon the ABR.

"Additional Convertible Notes": convertible notes that are issued by the Parent Borrower in a transaction permitted by Section 7.2 or by the ~~REIT~~Listed Entity in a transaction that would not constitute a Default under Section 8(l).

"Adjusted Net Book Value": (i) the net book value (determined in accordance with GAAP), plus (ii) solely with respect to any Commercial Real Estate Ownership Investment and solely to the extent deducted in determining net book value, real property depreciation and amortization minus (iii) solely with respect to any Commercial Real Estate Ownership Investment and solely to the extent included in determining net book value, maintenance capital expenditures.

"Administrative Agent": JPMorgan Chase Bank, N.A., together with its affiliates, as the arranger of the Revolving Commitments and as the administrative agent for the Lenders under this Agreement and the other Loan Documents, together with any of its successors.

"Affected Financial Institution": (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Affiliated Holder": a Person that (i) owns directly or indirectly an Investment Asset that constitutes a Qualified Non-Pledged Asset and (ii) is either a Subsidiary that is a Subsidiary Guarantor or a Person in which any Capital Stock is directly or indirectly owned by a Subsidiary that is a Subsidiary Guarantor.

"Affiliated Investor": a Person that (i) (x) owns directly or indirectly an Investment Asset or (y) receives any Fee-Related Earnings from any Colony Fund and (ii) is either a Pledged Affiliate or a Person in which any Capital Stock is directly or indirectly owned by a Pledged Affiliate. For the avoidance of doubt, the term Affiliated Investor shall not include (A) an Equity Investment Asset Issuer or (B) any Loan Party.

"After-Acquired Property": as defined in Section 6.10(a).

"Agent-Related Person": as defined in Section 9.7.

"Agents": the collective reference to the Administrative Agent and any other agent identified on the cover page of this Agreement.

"Aggregate Exposure": with respect to any Lender at any time, the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding.

"Aggregate Exposure Percentage": with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"Agreement": as defined in the preamble hereto.

"Ancillary Document": as defined in Section 10.8.

"Annualized Base Management Fee EBITDA": as of any date of determination the product of (a) Fee-Related Earnings (other than Catch-Up Payments) of asset manager Subsidiaries of the Parent Borrower that are received by Pledged Loan Parties or Pledged Affiliates directly or indirectly from any Colony Fund for the then most recently ended fiscal quarter of the Parent Borrower for which financial statements have been delivered or required to be delivered pursuant to Section 6.1, multiplied by (b) 4; provided that if any Fee-Related Earnings are received by a Pledged Affiliate that is a Non Wholly-Owned Consolidated Affiliate, the amount of such Fee-Related Earnings included in clause (a) above shall be limited to the Consolidated Group Pro Rata Share of such Fee-Related Earnings; provided further that Fee-Related Earnings shall be included in Annualized Base Management Fee EBITDA only to the extent that (1) the Pledged Loan Party or Pledged Affiliate that ultimately receives such Fee-Related Earnings and each other Loan Party or Affiliated Investor that receives, or is reasonably expected to receive, such Fee-Related Earnings in the course of an indirect transfer of such Fee-Related Earnings from the applicable Colony Fund to such Pledged Loan Party or Pledged Affiliate (A) except as otherwise permitted hereunder with respect to any Colony Fund (as described in the definition of Unlevered Affiliated Investor), has no Indebtedness (other than (x) the Obligations (y) any other Indebtedness incurred by the Parent Borrower in accordance with Section 7.2(g) and (z) any intercompany obligations owing to the Parent Borrower or any Subsidiary) outstanding at such time, (B) is Solvent at such time, (C) is not subject to any proceedings under any Debtor Relief Law at such time and (D) other than in the case of any Pledged Loan Party, any Pledged Affiliate or any Colony Fund, is Controlled by a Pledged Affiliate and, in the case of a Colony Fund, is Controlled by an Affiliate; (2) there are no contractual or legal prohibitions on the making of dividends, distributions or other payments that, as in effect on any date of determination, are effective to prevent dividends, distributions or other payments from the applicable Colony Fund to the asset manager Subsidiary of the Parent Borrower or from the asset manager Subsidiary of the Parent Borrower to, directly or indirectly, a Loan Party, (3) the obligations under Section 6.14 hereof with respect to such Fee-Related Earnings are satisfied, (4) such Fee-Related Earnings are not, directly or indirectly, encumbered by any Lien (other than a Lien arising under a Loan Document) at such time, and (5) such Fee-Related Earnings are not the subject of any proceedings under any Debtor Relief Law at such time. For the purposes of calculating Annualized Base Management Fee EBITDA for any fiscal quarter, (i) if at any time during such fiscal quarter the Parent Borrower or any Subsidiary shall have made any Disposition of an entity that generates Fee-Related Earnings or the right to earn Fee-Related Earnings, the Fee-Related Earnings in clause (a) above for such fiscal quarter shall be reduced by an amount equal to the Fee Related Earnings (if positive) attributable to the entities or rights that are the subject of such Disposition for such fiscal quarter or increased by an amount equal to the Fee-Related Earnings (if negative) attributable thereto for such fiscal quarter and (ii) if during such fiscal quarter the Parent Borrower or any Subsidiary shall have made an acquisition of an entity that generates Fee-Related Earnings or the right to earn Fee-Related Earnings, Fee-Related Earnings for such fiscal quarter for purposes of clause (a) above shall be calculated after giving pro forma effect thereto as if such acquisition occurred on the first day of such fiscal quarter.

"Anti-Corruption Laws": all laws, rules, and regulations of any jurisdiction applicable to the Parent Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

"Applicable Margin": at any time (x) during the period from and after the Fourth Amendment Effective Date and prior to the Initial Revolving Termination Date, the rate per annum equal to (a) with respect to Eurodollar Loans, 2.50% and (b) with respect to ABR Loans, 1.50% and (y) during the period from and after the Initial Revolving Termination Date when the Parent Borrower has exercised an Extension Option, (a) with respect to Eurodollar Loans, 2.75% and (b) with respect to ABR Loans, 1.75%.

"Applicable Percentage": at any time (x) during the period from and after the Closing Date and prior to the Initial Revolving Termination Date 100% (or, if at any such time the Consolidated Fixed Charge Coverage Ratio is less than 1.50 to 1.00, 90%) and (y) during the period from and after the Initial Revolving Termination Date when the Parent Borrower has exercised an Extension Option, 90% (or, if at any such time the Consolidated Fixed Charge Coverage Ratio is less than 1.50 to 1.00, 81%).

"Application": with respect to an Issuing Lender, an application, in such form as such Issuing Lender may specify from time to time, requesting such Issuing Lender to open a Letter of Credit.

"Approved Fund": as defined in Section 10.6(b).

"Arrangers": the Joint Lead Arrangers and Joint Bookrunners identified on the cover page of this Agreement.

"Assignee": as defined in Section 10.6(b).

"Assignment and Assumption": an Assignment and Assumption, substantially in the form of Exhibit D.

"Assumed Facility Interest Expense": the greater of (i) actual interest expense on the Revolving Facility for the most recently ended fiscal quarter multiplied by four (4) and (ii) annual interest expense calculated by multiplying the average daily outstanding amount of the Revolving Facility during the most recently ended fiscal quarter by 7.0%.

"Available Revolving Commitment": as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding.

"Bail-In Action": the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation": (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part 1 of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Event": with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benefit Plan": any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code, to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Benefitted Lender": as defined in Section 10.7(a).

"BHC Act Affiliate": with respect to a party, an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": the Parent Borrower and each Subsidiary Borrower (collectively, the "Borrowers").

"Borrowing Date": any Business Day specified by a Borrower as a date on which such Borrower requests the relevant Lenders to make Revolving Loans hereunder.

"Business": as defined in Section 4.17(b).

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Loans having an interest rate determined by reference to the Eurodollar Rate, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries; provided, however, that Capital Expenditures shall exclude all Capital Expenditures made with respect to any Investment Asset.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing, but excluding any debt securities convertible into any of the foregoing.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits maturing within one year from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-2 by Standard & Poor's Ratings Services ("S&P") or P-2 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within one year from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A-2 by S&P or P-2 by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; or (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Catch-Up Payments": with respect to any fiscal quarter of the Parent Borrower during which an investor makes a capital commitment to a Colony Fund (other than any such capital commitments made at the "first closing" with respect to such Colony Fund), any Fee-Related Earnings of any asset manager subsidiary of the Parent Borrower payable, directly or indirectly, by such investor in respect of the period from the "first closing" until the first date of such fiscal quarter.

"CLIP Issuer": the Pledged Loan Party or Pledged Affiliate that owns, directly or indirectly, the CLIP Portfolio.

"CLIP Portfolio": that certain Portfolio of industrial real property assets acquired by the Parent Borrower or certain Subsidiaries of the Parent Borrower from Cobalt Capital Partners or any affiliate thereof, and owned directly or indirectly by the CLIP Issuer.

"Closing Date": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is January 10, 2017.

"Code": the Internal Revenue Code of 1986, as amended.

"Collateral": all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Colony Capital": Colony Capital, Inc., a Maryland corporation.

"Colony Fund(s)": any investment vehicle(s), private equity fund(s) or other similar investment company(ies), including, without limitation, an externally managed real estate investment trust, in each case, that is managed by any Subsidiary of the Parent Borrower.

"Colony Mortgage Capital Loan Parties": collectively, Colony Mortgage Capital, LLC – Series A and Colony Mortgage Capital, LLC – Series B.

"Colony Starwood Homes": Colony Starwood Homes, Inc.

"Commercial Real Estate Debt Investment": a commercial mortgage loan or other commercial real estate-related (or Digital Asset-related) debt investment.

"Commercial Real Estate Ownership Investment": a fee simple interest in commercial real property (including any such interest in a Digital Asset). For purposes of the definition of "Maximum Permitted Outstanding Amount", a Portfolio consisting entirely of Commercial Real Estate Ownership Investments, as defined above, shall be deemed to be a single Commercial Real Estate Ownership Investment.

"Commitment Fee Rate": 0.35%; provided that at any time that any Indebtedness described in Section 7.2(h) shall have been incurred and shall remain outstanding, the Commitment Fee Rate shall be 1.00%.

"Compliance Certificate": a certificate duly executed by a Responsible Officer of the Parent Borrower substantially in the form of Exhibit B.

"Confidential Information Memorandum": the Confidential Information Memorandum dated December 2016 and furnished to certain Lenders.

"Consolidated Cash Interest Expense": for any period, that portion of Consolidated Interest Expense for such period that is paid or payable in cash; provided, however, that Consolidated Cash Interest Expense shall exclude (i) any interest expense recognized in such period that is paid from a prefunded interest reserve for such period to the extent the amounts in such prefunded interest reserve were included in Consolidated Cash Interest Expense in a prior period and (ii) any fees and expenses accounted for as deferred financing costs).

"Consolidated EBITDA": for any period, Core FFO plus an amount which, in the determination of Core FFO for such period, has been deducted (and not added back) for, without duplication, (i) Consolidated Interest Expense and (ii) provisions for taxes based on income of the Parent Borrower and its Consolidated Subsidiaries (provided that Consolidated EBITDA shall, solely with respect to the Consolidated EBITDA attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount); provided that, for purposes of determining the Parent Borrower's compliance with Section 7.1(b) and 7.1(c), Consolidated EBITDA shall exclude all (i) Core FFO attributable to any Specified Excluded Asset and (ii) Consolidated Interest Expense attributable to Specified Excluded Asset Debt.

"Consolidated Fixed Charge Coverage Ratio": for any period, the ratio of (a) (i) Consolidated EBITDA for such period plus (ii) Consolidated Lease Expense for such period to (b) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges": for any period, the sum (without duplication) of (a) Consolidated Cash Interest Expense for such period, (b) Consolidated Lease Expense for such period that is paid or payable in cash, (c) the aggregate amount actually paid by the Parent Borrower and its Subsidiaries during such period on account of Capital Expenditures (excluding the principal amount of Indebtedness (other than any Revolving Loans) incurred in connection with such expenditures), (d) scheduled payments made during such period on account of principal of Indebtedness of the Parent

Borrower or any of its Consolidated Subsidiaries (excluding (i) scheduled principal payments and any payment at maturity in respect of Extended Loans and (ii) scheduled principal payments made by the Parent Borrower or a Consolidated Subsidiary that are paid solely from funds collected as principal due under another credit facility in which the Parent Borrower or such Consolidated Subsidiary, as applicable, is the lender) and (e) the amount of Restricted Payments paid or scheduled to be paid by the Parent Borrower in cash during such period in respect of any preferred Capital Stock (provided that, for purposes of determining the Parent Borrower's compliance with Section 7.1(c), Consolidated Fixed Charges shall exclude all (i) scheduled payments of principal made during such period on account of Specified Excluded Asset Debt, (ii) Consolidated Cash Interest Expense attributable to Specified Excluded Asset Debt and (iii) on or prior to September 30, 2021, Restricted Payments required to be paid by the Parent Borrower in cash during any such period in respect of any of its preferred Capital Stock).

"Consolidated Group Pro Rata Share": with respect to any Non Wholly-Owned Consolidated Affiliate, the percentage interest held by the Parent Borrower and its Wholly-Owned Subsidiaries, in the aggregate, in such Non Wholly-Owned Consolidated Affiliate determined by calculating the percentage of Capital Stock of such Non Wholly-Owned Consolidated Affiliate owned by the Parent Borrower and its Wholly-Owned Subsidiaries.

"Consolidated Interest Expense": for any period, total interest expense (including that attributable to Capital Lease Obligations) of the Parent Borrower and its Consolidated Subsidiaries for such period with respect to all outstanding Indebtedness of the Parent Borrower and its Consolidated Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP); provided that Consolidated Interest Expense shall, with respect to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of the total cash interest expense (determined in accordance with GAAP) of such Non Wholly-Owned Consolidated Affiliate for such period. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, all interest expense of the ~~REIT~~Listed Entity shall be deemed to be interest expense of the Parent Borrower for all purposes of the Loan Documents (including without limitation any financial definitions) to the extent not otherwise constituting interest expense of the Parent Borrower.

"Consolidated Lease Expense": for any period, the aggregate amount of fixed and contingent rentals payable by the Parent Borrower and its Consolidated Subsidiaries for such period with respect to leases of real and personal property, determined on a consolidated basis in accordance with GAAP.

"Consolidated Leverage Ratio": at any date, the ratio of (a) Consolidated Total Debt on such day to (b) Total Asset Value as of such date.

"Consolidated Subsidiaries": as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes under GAAP.

"Consolidated Tangible Net Worth": at any date, all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Parent Borrower and its Consolidated Subsidiaries under stockholders' equity at such date *plus* (i) accumulated depreciation and (ii) amortization of real estate intangibles such as in-place lease value, above and below market lease value and deferred leasing costs which are purchase price allocations determined upon the acquisition of real estate, in each case, of the Parent Borrower and its Consolidated Subsidiaries on such date (provided that the amounts described in the foregoing clauses (i) and (ii) shall, solely with respect to any such amount attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro

Rata Share of such attributable amount) *minus* (a) the Intangible Assets of the Parent Borrower and its Consolidated Subsidiaries on such date (other than any goodwill attributable to the Digital Colony Investments and the Digital Colony Acquisition) (provided that any such amount deducted with respect to deferred financing costs shall, solely with respect to any such amount attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount) and (b) with respect to each Specified Excluded Asset at such date, the Specified Reduction Amount applicable to such Specified Excluded Asset; provided, however, that there shall be excluded from the calculation of "Consolidated Tangible Net Worth" any effects resulting from the application of FASB ASC No. 715: Compensation - Retirement Benefits; provided, further, that notwithstanding anything to the contrary in this Agreement or the other Loan Documents, the amount of stockholders' equity included on the consolidated balance sheet of the Parent Borrower and its Consolidated Subsidiaries shall reflect (to the extent not otherwise reflected) a reduction in an amount equal to the amount of the Convertible Notes and any Additional Convertible Notes then outstanding for all purposes of the Loan Documents (including without limitation any financial definitions).

"Consolidated Total Debt": at any date, the aggregate principal amount of all Indebtedness of the Parent Borrower and its Consolidated Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP; provided that Consolidated Total Debt shall (i) exclude any Indebtedness attributable to a Specified GAAP Reportable B Loan Transaction, (ii) exclude 50% of Permitted Warehouse Indebtedness (provided that (x) no more than $250,000,000 of Permitted Warehouse Indebtedness may be excluded pursuant to this clause (ii) and (y) solely for the purpose of this definition, Permitted Warehouse Indebtedness shall exclude any portion of Warehouse Indebtedness used to finance the purchase or origination of a Commercial Real Estate Debt Investment that continues to secure such Warehouse Indebtedness twelve months after the purchase or origination thereof), (iii) exclude all Permitted Non-Recourse CLO Indebtedness, (iv) solely with respect to the Indebtedness of any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such Indebtedness, (v) exclude the Parent Borrower's and its Consolidated Subsidiaries' uncalled capital commitments to funds managed by an Affiliate of the Parent Borrower, (vi) exclude Indebtedness arising under the Junior Subordinated Notes, (vii) exclude any Subscription Line Indebtedness and (viii) exclude any Specified Excluded Asset Debt.

"Consolidating Information": as defined in Section 6.1.

"Continuing Directors": the directors of the ~~REIT~~Listed Entity on the Closing Date, after giving effect to the transactions contemplated hereby, and each other director, if, in each case, (i) such other director's nomination for election to the board of directors of the ~~REIT~~Listed Entity is recommended by at least a majority of the then Continuing Directors in his or her election by the shareholders of the ~~REIT~~Listed Entity or (ii) such other director is approved by the board of directors of the ~~REIT~~Listed Entity as a director candidate prior to his or her election.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control": the possession, directly or indirectly, of the power to veto, direct or cause the direction of the management or fundamental policies of a Person, whether through the ability to exercise voting power, by contract or otherwise which for purposes of this definition shall include, among other things, ownership of Capital Stock having at least 50% of the voting interests of a Person or having majority control of a board of directors or equivalent governing body of a Person.

"Control Agreement": a deposit account control agreement or securities account control agreement, as applicable, executed by a Loan Party, the Administrative Agent and the applicable depository bank or securities intermediary granting the Administrative Agent control over the applicable deposit account or securities account, which agreement shall be in form and substance satisfactory to the Administrative Agent.

"Convertible Notes": collectively, (i) the 5.00% Convertible Senior Notes of the ~~REIT~~Listed Entity due on April 15, 2023 in an amount not to exceed the amount outstanding on the Closing Date, (ii) the 3.875% Convertible Senior Notes of the ~~REIT~~Listed Entity due on January 15, 2021 (the "3.875% Convertible Notes") in an amount not to exceed the amount outstanding on the Closing Date and (iii) any refinancing, refunding or renewal or extension thereof (provided that such refinancing, refunding, renewal or extension does not increase the principal amount thereof (except an increase attributable to any accrued interest thereon and the amount of any fees and expenses incurred in connection therewith) or shorten the maturity thereof), in the case of clauses (i) and (ii), issued pursuant to the Convertible Notes Indenture.

"Convertible Notes Indenture": the Indenture, dated as of April 10, 2013, between Colony Capital and the Bank of New York Mellon, as trustee, as supplemented from time to time, including by the First Supplemental Indenture dated as of April 10, 2013 and the Second Supplemental Indenture, dated as of January 28, 2014.

"Core FFO": for any period, FFO, as adjusted to exclude, without duplication, each of the following items to the extent any such item was included in the calculation of FFO: (i) stock compensation expense; (ii) effects of straight-line rent revenue and straight-line rent expense on ground leases; (iii) amortization of acquired above- and below-market lease values; (iv) amortization of deferred financing costs and debt premiums and discounts; (v) unrealized gains or losses from fair value adjustments; (vi) acquisition-related expenses, merger and integration costs; (vii) amortization and impairment of investment management intangibles; (viii) deferred tax benefits related to Core FFO adjustments described herein, (ix) gain on remeasurement of consolidated investment entities, net of deferred tax liability, and the effect of amortization thereof; (x) non-real estate depreciation and amortization; (xi) change in fair value of contingent consideration; (xii) any net gain or loss from discontinued operations; and (xiii) effects of certain non-cash CDO accounting adjustments (provided that Core FFO shall, solely with respect to the Core FFO attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount).

"Covered Entity": any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party": as defined in Section 10.23.

"Credit Party": the Administrative Agent, any Issuing Lender or any other Lender and, for the purposes of Section 10.13 only, any other Agent and the Arrangers.

"Default": any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Default Right": as defined in, and interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender": any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Revolving Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Parent Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party or the Parent Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Revolving Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's or the Parent Borrower's receipt, as applicable, of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has, or has a Lender Parent that has, become the subject of a Bankruptcy Event or a Bail-In Action. Any determination by the Administrative Agent made in writing to the Parent Borrower and each Lender that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error.

"Designated Asset Sale": the sale, lease or other Disposition of all those certain real estate assets of the Parent Borrower, NorthStar Realty, NorthStar Asset Management or any of their Subsidiaries described in Section 6.18 of the Merger Agreement.

"Digital Asset": a digital infrastructure asset, including, for the avoidance of doubt, any data center property, tower property or any other assets consistent with the types of assets acquired pursuant to the Digital Colony Acquisition.

"Digital Colony Acquisition": the indirect Acquisition by Colony Capital of Digital Bridge Holdings, LLC on July 25, 2019 pursuant to a contribution and purchase agreement among Colony Capital Acquisitions, LLC, a subsidiary of Colony Capital, the members of Digital Bridge Holdings, LLC and, for certain limited purposes, the Parent Borrower.

"Digital Colony Investments": Investments in Digital Assets.

"Disposition": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Disqualified Capital Stock": any Capital Stock which, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for

Capital Stock other than Disqualified Capital Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Revolving Commitments and all outstanding Letters of Credit), (b) is redeemable at the option of the holder thereof (other than solely for Capital Stock other than Disqualified Capital Stock), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, prior to the date that is ninety-one (91) days after the Latest Termination Date.

"Distribution Account": as defined in Section 6.14(a).

"Distributions": (a) any and all dividends, distributions or other payments or amounts made, or required to be paid or made to a Loan Party by any Affiliated Investor who, directly or indirectly, owns an Investment Asset, including, without limitation, any distributions of payments to such Loan Party in respect of principal, interest or other amounts relating to such Investment Asset owned, directly or indirectly, by such Affiliated Investor, (b) any and all Fee-Related Earnings paid or payable to a Loan Party or an Affiliated Investor from any Colony Fund and (c) any and all amounts owing to such Loan Party from the disposition, dissolution or liquidation of any such Affiliated Investor referred to in clause (a) or (b) above (or any direct or indirect parent thereof) or from the issuance or sale of Capital Stock of such Affiliated Investor (or any direct or indirect parent thereof).

"Dollars" and "$": dollars in lawful currency of the United States.

"Domestic Subsidiary": any Subsidiary of the Parent Borrower organized under the laws of any jurisdiction within the United States.

"EEA Financial Institution": (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country": any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority": any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Electronic Signature": an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Environmental Laws": any and all laws (including common law), treaties, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"Equity Investment Asset Issuer": (i) each issuer of Specified Common Stock and (ii) each issuer of a Preferred Equity Investment, in each case, including any Subsidiary thereof.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate": any entity, trade or business (whether or not incorporated) that, is under common control with a Group Member within the meaning of Section 4001(a)(14) of ERISA or, together with any Group Member, is treated as a single employer under Section 414 of the Code.

"ERISA Event": (a) the failure of any Plan to comply with any material provisions of ERISA and/or the Code (and applicable regulations under either) or with the material terms of such Plan; (b) the existence with respect to any Plan of a non-exempt Prohibited Transaction; (c) any Reportable Event; (d) the failure of any Group Member or ERISA Affiliate to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or any failure by any Pension Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Pension Plan, whether or not waived; (e) a determination that any Pension Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (f) the filing pursuant to Section 412 of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (g) the occurrence of any event or condition which might constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or the incurrence by any Group Member or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Pension Plan, including but not limited to the imposition of any Lien in favor of the PBGC or any Pension Plan; (h) the receipt by any Group Member or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan under Section 4042 of ERISA; (i) the failure by any Group Member or any of its ERISA Affiliates to make any required contribution to a Multiemployer Plan pursuant to Sections 431 or 432 of the Code; (j) the incurrence by any Group Member or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan; (k) the receipt by any Group Member or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from a Group Member or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, Insolvent, in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA), or terminated (within the meaning of Section 4041A of ERISA); or (l) the failure by any Group Member or any of its ERISA Affiliates to pay when due (after expiration of any applicable grace period) any installment payment with respect to Withdrawal Liability under Section 4201 of ERISA.

"EU Bail-In Legislation Schedule": the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to any Eurodollar Loan for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters Screen that displays such rate (or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the "Screen Rate") as of the Specified Time on the Quotation Day for such Interest Period; provided that if the Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if the Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to Dollars, then the Eurodollar Base Rate shall be the Interpolated Rate at such time (provided that if the Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement).

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula:

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Eurodollar Tranche": the collective reference to Eurodollar Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Event of Default": any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Excess Specified Asset Investments": as defined in subsection (iv) of the proviso to the definition of "Maximum Permitted Outstanding Amount".

"Excluded Foreign Subsidiary": (1) any Foreign Subsidiary in respect of which either (a) the pledge of all of the Capital Stock of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations, would, in the good faith judgment of the Parent Borrower, result in adverse tax consequences to the Parent Borrower, (2) any Domestic Subsidiary substantially all of whose assets consist of equity interests in an Excluded Foreign Subsidiary or (3) any Domestic Subsidiary of an Excluded Foreign Subsidiary.

"Excluded Subsidiary": any Subsidiary (other than a Subsidiary Borrower) that (i) is an Immaterial Subsidiary, (ii) has or is reasonably expected to incur secured Indebtedness within 120 days (or by such later date as the Administrative Agent may agree in its sole discretion) of becoming subject to the requirements of Section 6.10(b) hereof that (x) is owed to a Person that is not an Affiliate of the Parent Borrower or any Subsidiary thereof and (y) by its terms does not permit such Subsidiary to guarantee the Obligations of the Parent Borrower or (iii) is the general partner, controlling member or controlling shareholder, as applicable, of a Colony Fund.

"Excluded Swap Obligation": with respect to any Subsidiary Guarantor, any Swap Obligation, if, and to the extent that, and only for so long as, all or a portion of the guarantee of such

Subsidiary Guarantor of, or the grant by such Subsidiary Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Subsidiary Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of (or grant of such security interest by, as applicable) such Subsidiary Guarantor becomes or would otherwise have become effective with respect to such Swap Obligation but for such Subsidiary Guarantor's failure to constitute an "eligible contract participant" at such time. If a Swap Obligation arises under a master agreement governing more than one Swap Agreement, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swap Agreements for which such guarantee or security interest is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof).

"Excluded Taxes": any of the following Taxes imposed on or with respect to a Credit Party or required to be withheld or deducted from a payment to a Credit Party, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Credit Party (or any direct or indirect investor therein) being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Revolving Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Revolving Commitment (other than pursuant to an assignment request by the Parent Borrower under Section 2.17) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in such Loan or Revolving Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Credit Party's failure to comply with Section 2.14(f), and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement": as defined in the preamble hereto.

"Existing Limited Guarantees": those certain guaranties in respect of Non-Recourse Indebtedness of Subsidiaries of Colony Capital entered into prior to March 31, 2015 by Colony Capital, in each case, solely to the extent that such guaranties (a) are limited to the matters described in clause (i) of the definition of Non-Recourse Indebtedness and (b) were permitted to be entered into by Colony Capital prior to March 31, 2015 under the Initial Credit Agreement.

"Existing NorthStar Swap Agreement": that certain 2002 ISDA Master Agreement by and between the Parent Borrower, as Party B and Bank of America, N.A., as Party A, (including the Schedule and Credit Support Annex thereto) and the Confirmation entered into thereunder related to that certain interest rate swap Transaction with a notional amount of $2,000,000,000 and a Trade Date of June 25, 2015.

"Extended Commitments": as defined in Section 2.20.

"Extended Loans": as defined in Section 2.20.

"Extended Termination Date": as defined in Section 2.20.

"Extension Option": as defined in Section 2.20.

"Extension Date": as defined in Section 2.20.

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"FDIC": the Federal Deposit Insurance Corporation.

"FDIC Investment": any Investment Asset consisting of (x) a Portfolio acquired from the FDIC pursuant to a joint venture with the FDIC or (y) the Capital Stock of any Affiliated Investor or Pledged Loan Party that holds, directly or indirectly, such Portfolio, in each case solely to the extent that the grant of a Lien in favor of the Administrative Agent, for the benefit of the Lenders, by the applicable Loan Party in any Capital Stock of any Affiliated Investor or Pledged Loan Party that holds, directly or indirectly, such FDIC Investment would under applicable Law not require a consent or authorization of the FDIC that has not been obtained.

"Federal Funds Effective Rate": for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate; provided that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fee Payment Date": (a) the last day of each March, June, September and December and (b) the last day of the Revolving Commitment Period.

"Fee-Related Earnings": all investment management (IM) segment base management fees and other related revenues (excluding, for the avoidance of doubt, incentive fees based on gains and carried interest) less (x) IM segment direct cash compensation and benefits (excluding (i) non-cash equity-based compensation consisting of equity interests in the Parent Borrower or a direct or indirect parent of the Parent Borrower and (ii) any such cash compensation or benefits consisting of a participation in carried interest and any variable cash compensation or benefits tied to either carried interest or fees) and (y) IM segment general and administrative expenses (other than any one-time expense paid to a third party in order to raise capital). For the avoidance of doubt, such Fee-Related Earnings shall be calculated prior to the deduction of any income taxes.

"FFO": for any period, (a) net income (or loss) for such period of the Parent Borrower and its Consolidated Subsidiaries calculated in accordance with GAAP, excluding without duplication (but only to the extent included in determining net income (or loss) for such period), (i) extraordinary items, as defined by GAAP and (ii) gains and losses from sales of depreciable real estate and impairment write-downs associated with depreciable real estate, plus (b) an amount which, in the determination of the foregoing clause (a) for such period, has been deducted (and not added back) for, without duplication, real estate-related depreciation and amortization. For the avoidance of doubt, FFO shall be calculated prior to the deduction of preferred dividends.

"Fifth Amendment": the Fifth Amendment to this Agreement, dated as of December 9, 2020.

"First Amendment": the First Amendment, dated as of the First Amendment Effective Date, to this Agreement and the Guarantee and Collateral Agreement.

"First Amendment Effective Date": January 12, 2018.

"First Priority Commercial Real Estate Debt Investments": any Commercial Real Estate Debt Investment secured by a first priority Lien on the underlying asset (which, for the avoidance of doubt, shall not include any "B-note" or "B-piece" or any other junior tranche of an investment) and with respect to which no other Indebtedness has been incurred that is prior in right of payment in any respect; provided, however, that for purposes of the definition of "Maximum Permitted Outstanding Amount" and the component definitions thereof, (i) such investment shall constitute a First Priority Commercial Real Estate Debt Investment only if held by a Pledged Loan Party or an Unlevered Affiliated Investor (it being understood that such requirement shall not apply for purposes of the definition of Qualified Levered SPV Affiliated Investor) and (ii) any Portfolio otherwise constituting a First Priority Commercial Real Estate Debt Investment in which greater than 25% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans (and any single Investment Asset otherwise constituting a First Priority Commercial Real Estate Debt Investment that is a Non-Performing Loan) shall instead be deemed to be a Junior Priority Commercial Real Estate Debt Investment (it being understood that such classification as a Junior Priority Commercial Real Estate Debt Investment pursuant to this clause (ii) shall not apply for purposes of the definition of Qualified Levered SPV Affiliated Investor). For clarity, a Portfolio consisting entirely of First Priority Commercial Real Estate Debt Investments, as defined above, shall be deemed to be a single First Priority Commercial Real Estate Debt Investment.

"First Priority Commercial Real Estate Investments": collectively, (a) any First Priority Commercial Real Estate Debt Investment and (b) any unencumbered Commercial Real Estate Ownership Investment (excluding land) that is wholly-owned by an Unlevered Affiliated Investor.

"Foreign Subsidiary": any Subsidiary of the Parent Borrower that is not a Domestic Subsidiary.

"Foreign Benefit Arrangement": any employee benefit arrangement mandated by non-US law that is maintained or contributed to by any Group Member or any ERISA Affiliate.

"Foreign Plan": each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to US law and is maintained or contributed to by any Group Member or any ERISA Affiliate.

"Foreign Plan Event": with respect to any Foreign Benefit Arrangement or Foreign Plan, (a) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Benefit Arrangement or Foreign Plan; (b) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Benefit Arrangement or Foreign Plan required to be registered; or (c) the failure of any Foreign Benefit Arrangement or Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Benefit Arrangement or Foreign Plan.

"Fourth Amendment": the Fourth Amendment to this Agreement, dated as of the Fourth Amendment Effective Date.

"Fourth Amendment Effective Date": June 29, 2020.

"Funding Office": the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Parent Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 4.1. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrowers and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the requirements and limitations imposed by such financial covenants, standards or terms shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrowers, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Group Members": the collective reference to the Parent Borrower and its Subsidiaries.

"Guarantee and Collateral Agreement": the Amended and Restated Guarantee and Collateral Agreement dated as of March 31, 2016, among the Parent Borrower, each Subsidiary Guarantor and the Administrative Agent, as amended by the First Amendment, as reaffirmed by that certain Guarantee and Collateral Acknowledgment, dated as of the Closing Date, among the Parent Borrower and each Subsidiary Guarantor and as further reaffirmed by that certain Guarantee and Collateral Acknowledgment, dated as of the First Amendment Effective Date, among the Parent Borrower, the Subsidiary Borrowers as of the First Amendment Effective Date and each Subsidiary Guarantor.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit) that guarantees or in effect guarantees, any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Parent Borrower in good faith.

"Healthcare Business": that certain portfolio of medical office buildings, senior housing, skilled nursing, hospitals and other healthcare properties acquired by NorthStar Realty or certain Subsidiaries thereof, and which are, as of the Closing Date, held directly or indirectly, wholly or in joint venture structures, by NRF Holdco, LLC.

"Hospitality Business": that certain portfolio of extended stay hotels and select service hotels acquired by NorthStar Realty or certain Subsidiaries thereof, and which are, as of the Closing Date, held directly or indirectly, wholly or in joint venture structures, by NRF Holdco, LLC.

"Immaterial Subsidiary": as of any date, a Subsidiary that, together with its Consolidated Subsidiaries, as of the last day of the most recent fiscal quarter of the Parent Borrower for which consolidated financial statements have been delivered in accordance with Section 6.1 (x) did not have (a) assets with a value in excess of 2.0% of Total Asset Value or (b) Consolidated EBITDA representing in excess of 2.0% of Consolidated EBITDA for the four fiscal quarters ending on such last day and (y) when taken together with all other Immaterial Subsidiaries on a consolidated basis as of such date, did not have assets with a value in excess of 5.0% of the Total Asset Value as of such date or Consolidated EBITDA representing in excess of 5.0% of Consolidated EBITDA for the four fiscal quarters ending on such date, each calculated by reference to the latest consolidated financial statements delivered to the Administrative Agent in accordance with Section 6.1. Any Immaterial Subsidiary may be designated to be a Material Subsidiary for the purposes of this Agreement and the other Loan Documents by written notice to the Administrative Agent.

"Impacted Interest Period": as defined in the definition of "Eurodollar Base Rate".

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all mandatorily redeemable preferred Capital Stock of such Person (except for Capital Stock (x) mandatorily redeemable as a result of a change of control or asset sale so long as any rights of the holders thereof upon such occurrence shall be subject to the prior Payment in Full of the Obligations or (y) mandatorily redeemable not prior to the date that is 91 days after Payment in Full), (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) (x) in the case of the Parent Borrower and its Subsidiaries, all obligations in respect of the Existing NorthStar Swap Agreement and (y) for the purposes of Section 8(e) only, all obligations of such Person in respect of Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, all Indebtedness of the ~~REIT~~Listed Entity shall be deemed to be Indebtedness of the Parent Borrower for all purposes of the Loan Documents (including without limitation any financial definitions) to the extent not otherwise constituting Indebtedness of the Parent Borrower.

"Indemnified Taxes": (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) above, Other Taxes.

"Indemnitee": as defined in Section 10.5.

"Independent Valuation Provider": as defined in Section 10.18.

"Initial Credit Agreement": that certain Credit Agreement, dated as of August 6, 2013, among the Parent Borrower (as successor to Colony Capital (formerly known as Colony Financial, Inc.)), the Administrative Agent and certain lenders party thereto (as amended, restated, supplemented or otherwise modified prior to the date of the Existing Credit Agreement).

"Initial Revolving Termination Date": January 11, 2021.

"Insolvent": with respect to any Multiemployer Plan, the condition that such plan is insolvent within the meaning of Section 4245 of ERISA.

"Intangible Assets": assets that are considered to be intangible assets under GAAP, including customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents, franchises, licenses, unamortized deferred charges (including deferred financing costs), unamortized debt discount and capitalized research and development costs; provided, however, that Intangible Assets shall not include real estate intangibles such as in-place lease value, above and below market lease value and deferred leasing costs which are purchase price allocations determined upon the acquisition of real estate.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Coverage Ratio": for any quarter, the ratio of (i) (x) (A) the portion of Consolidated EBITDA for such quarter attributable to investments included in the Maximum Permitted Outstanding Amount at any point during such quarter (provided that the calculation of such portion of Consolidated EBITDA (I) shall exclude general corporate-level expense and (II) shall not include any add backs of interest expense other than the interest expense related to the Revolving Facility) multiplied by (B) 4 plus (y) without duplication of amounts included in clause (x), Annualized Base Management Fee

EBITDA with respect to such quarter to (ii) Assumed Facility Interest Expense with respect to such quarter.

"Interest Payment Date": (a) as to any ABR Loan, the last day of each March, June, September and December (or, if an Event of Default is in existence, the last day of each calendar month) to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan (other than any Revolving Loan that is an ABR Loan), the date of any repayment or prepayment made in respect thereof.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the applicable Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the applicable Borrower by irrevocable notice to the Administrative Agent not later than 11:00 A.M., New York City time, on the date that is three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrowers may not select an Interest Period under the Revolving Facility that would extend beyond the Revolving Termination Date; and

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Interpolated Rate": at any time, the rate per annum (rounded to the same number of decimal places as the Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Screen Rate (for the longest period for which that Screen Rate is available in Dollars) that is shorter than the Impacted Interest Period and (b) the Screen Rate (for the shortest period for which that Screen Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, as of the Specified Time on the Quotation Day for such Interest Period. When determining the rate for a period which is less than the shortest period for which the Screen Rate is available, the Screen Rate for purposes of clause (a) above shall be deemed to be the overnight rate for Dollars determined by the Administrative Agent from such service as the Administrative Agent may select.

"Investment Asset": (i) a Commercial Real Estate Debt Investment, (ii) a Commercial Real Estate Ownership Investment, (iii) a Preferred Equity Investment, (iv) Qualified Levered SPV Capital Stock or Specified Levered SPV Capital Stock, (v) Specified Common Stock, (vi) a Specified Levered SPV Investment or (vii) any Portfolio of any of the foregoing, in each case to the extent owned by a Pledged Loan Party or any other Person in which a Loan Party, directly or indirectly, owns any Capital Stock. Subject to the limitations set forth in the definition of Maximum Permitted Outstanding

Amount, the term Investment Asset shall also include any Investment Asset described in the foregoing clauses (i) through (vii) that is held by a Colony Fund in which an Affiliated Investor or a Pledged Loan Party holds a limited partnership interest, limited liability company membership interest or other similar interest in the nature of an equity investment.

"Investment Asset Review": as defined in Section 10.18.

"Investment Location": (i) with respect to a Commercial Real Estate Debt Investment, (x) to the extent such Commercial Real Estate Debt Investment is secured, the jurisdiction in which the underlying commercial real property subject to such Commercial Real Estate Debt Investment is located and (y) to the extent such Commercial Real Estate Debt Investment is unsecured, the jurisdiction of the governing law of the contract governing such Commercial Real Estate Debt Investment; (ii) with respect to a Specified GAAP Reportable B Loan Transaction, the jurisdiction of the governing law of the contracts governing such Specified GAAP Reportable B Loan Transaction; (iii) with respect to a Commercial Real Estate Ownership Investment, the jurisdiction in which such Commercial Real Estate Ownership Investment is physically located; (iv) with respect to Qualified Levered SPV Capital Stock and Specified Levered SPV Capital Stock, the jurisdiction in which the First Priority Commercial Real Estate Debt Investments held by the related Affiliated Investor are located (with such location being determined in accordance with clause (i) or, with respect to a Portfolio, clause (vi) of this definition); (v) with respect to a Preferred Equity Investment and Specified Common Stock, the jurisdiction in which the issuer of such Preferred Equity Investment or Specified Common Stock, as applicable, is organized; or (vi) with respect to a Portfolio of any of the foregoing, the Investment Location of each Investment Asset in such Portfolio (and it being agreed that if the Investment Location of any Investment Asset in such Portfolio shall be deemed to be a Non-Qualifying Location, then only such Investment Asset, and not the Portfolio as a whole, shall be deemed to have an Investment Location in a Non-Qualifying Location). Notwithstanding the foregoing, if any (a) Equity Investment Asset Issuer, (b) Affiliated Investor, (c) underlying real estate asset relating to an Investment Asset or (d) Affiliate of the Parent Borrower that directly or indirectly owns an underlying real estate asset relating to an Investment Asset to the extent that the ownership interest attributable to such Affiliate contributes or results in a contribution to the calculation of the Maximum Permitted Outstanding Amount, in each case, is located in a Non-Qualifying Location, then the Investment Location of each Investment Asset owned directly or indirectly by such Person or to which such underlying real estate asset relates, as applicable, shall be deemed to have an Investment Location in a Non-Qualifying Location. For purposes of the foregoing sentence, each Person shall be located in the jurisdiction in which it is organized and each underlying real estate asset shall be located in the jurisdiction in which such real estate asset is physically located.

"Investments": as defined in Section 7.7.

"IRS": the United States Internal Revenue Service.

"ISP": with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuing Lender": each of JPMorgan Chase Bank, N.A. and Bank of America, N.A. (or in each case any affiliate thereof) and any other Revolving Lender approved by the Administrative Agent and the Parent Borrower that has agreed in its sole discretion to act as an "Issuing Lender" hereunder, or any of their respective affiliates, in each case in its capacity as issuer of any Letter of Credit. Each reference herein to "the Issuing Lender" shall be deemed to be a reference to the relevant Issuing Lender.

"Junior Priority Commercial Real Estate Debt Investments": (a) all Commercial Real Estate Debt Investments that are not First Priority Commercial Real Estate Debt Investments or Specified Commercial Real Estate Debt Investments and (b) any Specified GAAP Reportable B Loan Transactions, in each case, to the extent held by (i) a Pledged Loan Party or (ii) an Unlevered Affiliated Investor. For purposes of the definition of "Maximum Permitted Outstanding Amount", a Portfolio consisting entirely of Junior Priority Commercial Real Estate Debt Investments, as defined above (and any Portfolio of First Priority Commercial Real Estate Debt Investments in which greater than 25% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans), shall be deemed to be a single Junior Priority Commercial Real Estate Debt Investment.

"Junior Priority Commercial Real Estate Investments": collectively, (a) any Junior Priority Commercial Real Estate Debt Investment and (b) any Qualified Levered SPV Capital Stock.

"Junior Subordinated Notes": means, collectively, (i) the junior subordinated notes Trust I of NRF Holdco, LLC due March 2035 (bearing an interest rate of LIBOR plus 3.25% as of the Closing Date), (ii) the junior subordinated notes Trust II of NRF Holdco, LLC due June 2035 (bearing an interest rate of LIBOR plus 3.25% as of the Closing Date), (iii) the junior subordinated notes Trust III of NRF Holdco, LLC due January 2036 (bearing an interest rate of LIBOR plus 2.83% as of the Closing Date), (iv) the junior subordinated notes Trust IV of NRF Holdco, LLC due June 2036 (bearing an interest rate of LIBOR plus 2.80% as of the Closing Date), (v) the junior subordinated notes Trust V of NRF Holdco, LLC due September 2036 (bearing an interest rate of LIBOR plus 2.70% as of the Closing Date), (vi) the junior subordinated notes Trust VI of NRF Holdco, LLC due December 2036 (bearing an interest rate of LIBOR plus 2.90% as of the Closing Date), (vii) the junior subordinated notes Trust VII of NRF Holdco, LLC due April 2037 (bearing an interest rate of LIBOR plus 2.50% as of the Closing Date), and (viii) the junior subordinated notes Trust VIII of NRF Holdco, LLC due July 2037 (bearing an interest rate of LIBOR plus 2.70% as of the Closing Date).

"L/C Cash Collateral Account": as defined in Section 3.1(c).

"L/C Commitment": as to any Issuing Lender, the obligation of such Issuing Lender to issue Letters of Credit pursuant to Section 3 in an aggregate undrawn, unexpired face amount plus the aggregate unreimbursed drawn amount thereof at any time not to exceed the amount set forth under the heading "L/C Commitment" opposite such Issuing Lender's name on Schedule 1.1A or in the Assignment and Assumption pursuant to which such Issuing Lender becomes a party thereto (its "Initial L/C Commitment"), in each case, as the same may be changed from time to time pursuant to the terms hereof; provided, that the amount of any Issuing Lender's L/C Commitment may be (i) increased subject only to the consent of such Issuing Lender and the Parent Borrower (and notified to the Administrative Agent), (ii) decreased, but only to the extent it is not decreased below the Initial L/C Commitment of such Issuing Lender, subject only to the consent of such Issuing Lender and the Parent Borrower (and notified to the Administrative Agent) or (iii) decreased at the option of the Parent Borrower on a ratable basis for each Issuing Lender outstanding at the time of such reduction (and notified to the Issuing Lenders and the Administrative Agent).

"L/C Exposure": at any time, the total L/C Obligations. The L/C Exposure of any Revolving Lender at any time shall be its Revolving Percentage of the total L/C Exposure at such time.

"L/C Obligations": as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.3. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Participants": with respect to any Letter of Credit issued by an Issuing Lender, the collective reference to all the Revolving Lenders other than the Issuing Lender with respect to such Letter of Credit.

"Latest Termination Date": January 10, 2022.

"Legacy Colony Investments": (A) Investments by the Parent Borrower or any of its Subsidiaries, directly or indirectly, in any Investment Asset, (i) which are existing on the Fourth Amendment Effective Date or (ii) to which the Parent Borrower or any of its Subsidiaries has committed to make as of the Fourth Amendment Effective Date pursuant to a binding legal agreement, and any modification, renewal or extension thereof; provided that the amount of the original Investment is not increased after the Fourth Amendment Effective Date except to the extent required by the terms of such Investment and (B) any protective Investment made in connection with an Investment described in clause (A), the primary purpose of which is to preserve, administer or otherwise realize on such Investment, as determined by the Parent Borrower in its commercially reasonable business judgment.

"Lender Parent": with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a Subsidiary.

"Lender-Related Person": any Arranger, the Administrative Agent, any Syndication Agent or any Lender or their respective affiliates, and their respective officers, directors, employees, agents, advisors and controlling persons.

"Lenders": as defined in the preamble hereto.

"Letters of Credit": as defined in Section 3.1(a).

"Liabilities": any losses, claims (including interparty claims), demands, damages or liabilities of any kind.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Listed Entity": Colony Capital, Inc., a Maryland corporation.

"Listed Entity Guaranty": a guaranty in form and substance substantially similar to the guarantee contained in Section 2 of the Guarantee and Collateral Agreement, to be entered into by the Listed Entity pursuant to which the Listed Entity shall guarantee the Obligations; provided that recourse under such guaranty shall only be available upon the occurrence of an Event of Default pursuant to Section 8(l) hereof.

"Loan": any loan made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, each Subsidiary Borrower Joinder Agreement, the Security Documents, the Notes, the ~~REIT~~Listed Entity Guaranty (if applicable) and any amendment, waiver, supplement or other modification to any of the foregoing.

"Loan Parties": each Group Member that is a party to a Loan Document.

"Material Indebtedness": Indebtedness (other than the Loans) in an aggregate principal amount in excess of $25,000,000.

"Material Subsidiary": any Subsidiary other than an Immaterial Subsidiary.

"Material Adverse Effect": a material adverse effect on (a) the business, property, operations or condition (financial or otherwise) of the Parent Borrower and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products, asbestos, polychlorinated biphenyls, urea-formaldehyde insulation, mold, radon, or any substance (whether in gas, liquid or solid form), defined, classified or regulated as hazardous or toxic or as a pollutant, contaminant, or waste (or words of similar meaning), in, or that could give rise to liability under, any Environmental Law.

"Maximum Permitted Outstanding Amount": at any time, an amount that is equal to the Applicable Percentage of the sum of:

(a) with respect to each First Priority Commercial Real Estate Investment, the product of 55% *multiplied* by the Adjusted Net Book Value of such First Priority Commercial Real Estate Investment, plus

(b) with respect to each Junior Priority Commercial Real Estate Investment, the product of 40% *multiplied* by the Adjusted Net Book Value of such Junior Priority Commercial Real Estate Investment, plus

(c) with respect to each Specified Asset Investment that is not an Excess Specified Asset Investment, the product of 30% *multiplied* by the Adjusted Net Book Value of such Specified Asset Investment, plus

(d) with respect to each Excess Specified Asset Investment, the product of 15% *multiplied* by the Adjusted Net Book Value of such Excess Specified Asset Investments; plus

(e) the product of 3.0 *multiplied* by the Annualized Base Management Fee EBITDA attributable to Fee-Related Earnings earned from third parties by asset manager Subsidiaries of the Parent Borrower that either constitute taxable REIT subsidiaries, or, following the REIT Status Termination Date, constitute entities that were formerly taxable REIT subsidiaries or were subsequently formed to carry out a similar role to such subsidiaries;

provided that notwithstanding the foregoing (it being understood that each percentage limitation set forth in clauses (iii), (iv), (v), (vi), (vii), (viii), (xvi) and (xvii) below shall be calculated prior to giving effect to any reductions resulting from the application of such percentage limitation):

(i) in no event shall any Investment Asset contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount pursuant to more than one lettered clause above;

(ii) FDIC Investments shall contribute, directly or indirectly, to the calculation of the Maximum Permitted Outstanding Amount solely to the extent that such investment is directly or indirectly subject to a first priority Lien in favor of the Administrative Agent, for the benefit of the Lenders, which Lien may be foreclosed upon (taking into account all other pledges or transfers with respect to the underlying assets or any direct or indirect holder thereof) without triggering a "change of control" (or like term) under the documentation governing such investment;

(iii) in no event shall any single Investment Asset (it being understood that the following shall be deemed to be a single Investment Asset for purposes of this clause (iii): (x) any portion of any Portfolio held by a single Person that has (or any Affiliated Investor that directly or indirectly owns such Person has) any Indebtedness outstanding and (y) any cross-collateralized assets that are deemed to be a single Investment Asset pursuant to subsection (xviii) of this proviso or any cross-guaranteed assets) contribute, directly or indirectly, in excess of 10% of the sum of clauses (a) through (e) above; provided, however, that such percentage shall be 15% in the case of: (A) the Capital Stock of Colony Starwood Homes, (B) the Investment Asset referred to as the CLIP Issuer (which shall be treated as a single Investment Asset in accordance with this provision), (C) the Capital Stock of the Healthcare Business and (D) the Capital Stock of the Hospitality Business;

(iv) Specified Asset Investments shall not contribute more than 50% in the aggregate of the Maximum Permitted Outstanding Amount; provided that, such concentration limit may be increased by an additional 10% of the aggregate Maximum Permitted Outstanding Amount to the extent such increase is solely attributable to the Specified Asset Investments constituting the Healthcare Business and/or the CLIP Issuer (the portion of the Healthcare Business and/or the CLIP Issuer Specified Assets Investments attributable to such increased concentration limit, the "Excess Specified Asset Investments");

(v) the sum of (i) Non-Performing Loans and (ii) Preferred Equity Investment with respect to which any dividends required to be paid in cash are in arrears shall not contribute more than 10% in the aggregate of the Maximum Permitted Outstanding Amount;

(vi) the contribution of the Annualized Base Management Fee EBITDA pursuant to clause (e) above shall not exceed 50% in the aggregate of the Maximum Permitted Outstanding Amount;

(vii) not less than 80% of the Maximum Permitted Outstanding Amount shall be attributable to Investment Assets having an Investment Location in a Qualifying Location;

(viii) Qualified Non-Pledged Assets shall not contribute more than 15% in the aggregate of the Maximum Permitted Outstanding Amount;

(ix) [Reserved];

(x) no Investment Asset shall contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount if any Affiliated Investor that directly or indirectly owns such Investment Asset is in default with respect to any of its Indebtedness that is material in relation to the value of such Investment Asset;

(xi) no Investment Asset securing any Warehouse Facility shall contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount for so long as such Investment Asset secures any Warehouse Facility;

(xii) the Adjusted Net Book Value used in the calculations set forth in clauses (a) through (e) above with respect to any Investment Asset that is owned, directly or indirectly, by any Excluded Foreign Subsidiary shall be limited to 66% of the Adjusted Net Book Value of such Investment Asset;

(xiii) with respect to any Investment Asset held by a Colony Fund in which a Pledged Loan Party or an Affiliated Investor directly or indirectly owns a limited partnership, limited liability company membership or other similar equity interest, the Maximum Permitted Outstanding Amount shall include the pro rata share of the individual eligible Investment Assets held by such Colony Fund instead of such limited partner, the limited liability company membership equity interests or other similar equity interests in such Colony Fund; provided that (A) such limited partner, limited liability company equity interests or other similar equity interests in the Colony Fund are owned by a Pledged Loan Party or an Unlevered Affiliated Investor, (B) the pro rata share of the individual eligible Investment Assets held by such Colony Fund shall be adjusted to account for any "opt-out" elections of any holders of such equity interests, (C) such pro rata share shall be reduced to the extent that any applicable Investment Asset has been funded with the proceeds of subscription debt in lieu of equity funding from the applicable Affiliated Investor, (D) such Pledged Loan Party or Affiliated Investor shall not be in default under the limited partnership agreement, limited liability company agreement or other similar organizational agreement, as applicable, of such Colony Fund or any other Organizational Document of such Colony Fund and (E) such Colony Fund shall not be in default under the documents governing any subscription debt of such Colony Fund;

(xiv) in no event shall any Investment Asset that does not satisfy the Qualifying Criteria contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount;

(xv) upon the completion of an Investment Asset Review pursuant to Section 10.18, the reference to the Adjusted Net Book Value of each asset subject to such Investment Asset Review for purposes of calculating the Maximum Permitted Outstanding Amount shall be the lesser of (x) such Adjusted Net Book Value as determined by the Parent Borrower and (y) such appraised value as determined by the Independent Valuation Provider;

(xvi) in no event shall the aggregate amount of Investment Assets constituting Commercial Real Estate Ownership Investments in land and Commercial Real Estate Debt Investments secured by land contribute more than 15% in the aggregate of the Maximum Permitted Outstanding Amount;

(xvii) in no event shall the Maximum Permitted Outstanding Amount attributable to an Investment Asset constituting interests in securitizations (other than those certain trust certificates (assets) issued by Colony Multifamily Mortgage Trust 2014-1, a Cayman securitization vehicle, to and owned by ColFin Multifamily Mortgage 2014-1, LLC) exceed 20% of the Maximum Permitted Outstanding Amount;

(xviii) to the extent that any Non-Recourse Indebtedness secured pursuant to Section 7.3(j) is secured by more than one Investment Asset, (i) the Investment Assets securing such Non-Recourse Indebtedness shall be treated as a single Investment Asset for purposes of calculating the Maximum Permitted Outstanding Amount and (ii) to the extent that such

Investment Assets are subject to different advance rates pursuant to clauses (a) through (d) above, the lowest advance rate shall apply; and

(xix) in no event shall any Specified Excluded Assets contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount.

"Merger": the combination of NorthStar Realty and NorthStar Asset Management with Colony Capital contemplated by the Merger Agreement.

"Merger Agreement": that certain Agreement and Plans of Merger (together with all exhibits, schedules, attachments and disclosure letters thereto, and as may be amended, supplemented or otherwise modified from time to time prior to the date hereof), dated as of June 2, 2016, by and among Colony Capital, NorthStar Realty, New Sirius Inc., NorthStar Realty LP, Sirius Merger Sub-T, LLC, New Sirius Merger Sub, LLC, the ~~REIT~~Listed Entity, and NorthStar Asset Management.

"Merger Loan Parties": as defined in Section 6.10(d).

"Merger Party Compliance Date": as defined in Section 6.10(d).

"Multiemployer Plan": a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": (a) in connection with any Disposition of assets, the proceeds thereof in the form of cash or Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) net of deductions for proceeds allocated for REIT maintenance at any time prior to the REIT Status Termination Date and corporate or excise tax minimization amounts, attorneys' fees, investment banking fees, accountants' fees, taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and the amount of any reserves established by the Parent Borrower and its Subsidiaries to fund contingent liabilities reasonably estimated to be payable as a result thereof (provided that any determination by the Parent Borrower that taxes estimated to be payable are not payable and any reduction at any time in the amount of any such reserves (other than as a result of payments made in respect thereof) shall be deemed to constitute the receipt by the Parent Borrower at such time of Net Cash Proceeds in the amount of the estimated taxes not payable or such reduction of reserves, as applicable), amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Disposition (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith that are actually received by (x) a Loan Party or (y) a Subsidiary that is not a Loan Party to the extent such cash or Cash Equivalent proceeds are distributable to a Loan Party (but only as and when distributable) and (b) in connection with any issuance or sale of Capital Stock or any incurrence of Indebtedness, the cash proceeds (including Cash Equivalents) received from such issuance or incurrence (excluding, in the case of any issuance in exchange for the contribution of any Investment Asset, any incidental cash or Cash Equivalents associated with such Investment Asset), net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions, taxes paid or reasonably estimated to be payable, and other customary fees and expenses actually incurred in connection therewith that are actually received by (x) a Loan Party or (y) a Subsidiary that is not a Loan Party to the extent such cash proceeds are distributable to a Loan Party (but only as and when distributable) and not otherwise required pursuant to the terms of such issuance of Capital Stock to be applied to the acquisition of any Investment Asset.

"New Subsidiaries": as defined in Section 6.10(b).

“Non-Performing Loan”: as of any date of determination, any accruing Commercial Real Estate Debt Investment (x) past due by 90 or more days, (y) on non-accrual status or (z) with respect to which there is a payment default and any applicable grace period has expired.

“Non-Qualifying Location”: each location that is not a Qualifying Location.

“Non-Recourse Indebtedness”: Indebtedness of a Person as to which no Loan Party (a) provides any Guarantee Obligation or credit support of any kind (including any undertaking, Guarantee Obligation, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise), in each case except for (i) customary exceptions for bankruptcy filings, fraud, misrepresentation, misapplication of cash, waste, failure to pay taxes, environmental claims and liabilities, prohibited transfers, violations of single purpose entity covenants, and other circumstances customarily excluded from exculpation provisions and/or included in separate guaranty or indemnification agreements in non-recourse or tax-exempt financings of real estate and (ii) the direct parent company of the primary obligor in respect of the Indebtedness may provide a limited pledge of the equity of such obligor to secure such Indebtedness so long as the lender in respect of such Indebtedness has no other recourse (except as permitted pursuant to the immediately preceding clause (i)) to such direct parent company except for such equity pledge) (such pledge, a “Non-Recourse Pledge”).

“Non-Recourse Pledge”: as defined in the definition of “Non-Recourse Indebtedness”.

“Non-U.S. Lender”: (a) if the applicable Borrower is a U.S. Person, a Lender, with respect to such Borrower, that is not a U.S. Person, and (b) if the applicable Borrower is not a U.S. Person, a Lender, with respect to such Borrower, that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

“Non Wholly-Owned Consolidated Affiliate”: each Consolidated Subsidiary of the Parent Borrower in which less than 100% of each class of the Capital Stock (other than directors’ qualifying shares, if applicable) of such Consolidated Subsidiary are at the time owned, directly or indirectly, by the Parent Borrower.

“NorthStar Asset Management”: NorthStar Asset Management Group Inc., a Delaware corporation.

“NorthStar Realty”: NorthStar Realty Finance Corp., a Maryland corporation.

“NorthStar Realty LP”: NorthStar Realty Finance Limited Partnership, a Delaware limited partnership.

“Notes”: the collective reference to any promissory note evidencing Loans.

“Notice of Designation”: as defined in Section 2.21(a)(i).

“NYFRB”: the Federal Reserve Bank of New York.

“NYFRB Rate”: for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Obligations": (i) the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans, the Reimbursement Obligations and all other obligations and liabilities of the Borrowers to the Secured Parties, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Secured Swap Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrowers pursuant hereto) or otherwise and (ii) all indebtedness, liabilities, duties, indemnities and obligations of any Loan Party owing to JPMorgan Chase Bank, N.A. or any Affiliate of JPMorgan Chase Bank, N.A. in connection with or relating to any Distribution Account maintained by such Loan Party at JPMorgan Chase Bank, N.A. or such Affiliate, including, without limitation, those arising under all instruments, agreements or other documents executed in connection therewith or relating thereto; provided that, with respect to any Guarantor, "Obligations" shall exclude any Excluded Swap Obligations of such Guarantor.

"Organizational Documents": as to any Person, the Certificate of Incorporation and Bylaws or other organizational or governing documents of such Person.

"Other Connection Taxes": with respect to any Credit Party, Taxes imposed as a result of a present or former connection between such Credit Party (or any direct or indirect investor therein) and the jurisdiction imposing such Tax (other than connections arising from such Credit Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Merger Parties": NorthStar Realty and NorthStar Asset Management.

"Other Merger Party Excluded Subsidiary": any Subsidiary of an Other Merger Party (i) that is prohibited from providing a guarantee pursuant to the Loan Documents, (ii) granting security interests pursuant to the Loan Documents by Contractual Obligations existing on the Closing Date (and not entered into in contemplation hereof) (for the avoidance of doubt, other than any Subsidiary that is the owner of a Qualified Non-Pledged Asset) or (iii) with respect to which providing a guarantee or granting security interests pursuant to the Loan Documents would, in the good faith judgment of the Parent Borrower, result in adverse tax consequences to the Parent Borrower.

"Other Taxes": all present or future stamp, court, or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.17).

"Overnight Bank Funding Rate": for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

"Participant": as defined in Section 10.6(c).

"Participant Register": as defined in Section 10.6(c).

"Payment in Full": with respect to any Obligations, that each of the following shall have occurred: (a) the payment in full in cash of all such Obligations (other than (i) contingent indemnification obligations to the extent no claim giving rise thereto has been asserted, and (ii) Obligations of the Loan Parties under any Secured Swap Agreement that, by its terms or in accordance any consent obtained from the counterparty thereto, is not required to be terminated in connection with the termination of the Loan Documents), (b) the termination or expiration of all of the Revolving Commitments and (c) no Letters of Credit shall be outstanding.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to ERISA and any successor entity performing similar functions.

"Pension Plan": any Plan subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA.

"Permitted Investments": collectively, (i) Digital Colony Investments and (ii) Legacy Colony Investments; provided, in each case, that such Investments do not constitute Restricted Investments.

"Permitted Non-Recourse CLO Indebtedness": Indebtedness that is (i) incurred by a Subsidiary in the form of asset-backed securities commonly referred to as "collateralized loan obligations" or "collateralized debt obligations" and (ii) is Non-Recourse Indebtedness.

"Permitted Warehouse Borrower": as defined in the definition of "Permitted Warehouse Indebtedness".

"Permitted Warehouse Equity Pledge" : as defined in the definition of "Permitted Warehouse Indebtedness".

"Permitted Warehouse Indebtedness": Warehouse Indebtedness incurred directly by any Subsidiary that is not a Loan Party (a "Permitted Warehouse Borrower"), and, to the extent guaranteed, is guaranteed only by a Loan Party (except that the direct parent company of a Permitted Warehouse Borrower may provide a limited pledge of the equity of such Permitted Warehouse Borrower to secure the Permitted Warehouse Indebtedness so long as the lender in respect of such Warehouse Indebtedness has no other recourse (other than the rights described in clause (b) of the definition of Non-Recourse Indebtedness) to such direct parent company except for such pledge (any such pledge, a "Permitted Warehouse Equity Pledge"); provided, however, that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Warehouse Indebtedness for which the holder thereof has contractual recourse to the Parent Borrower or its Subsidiaries to satisfy claims with respect to such Warehouse Indebtedness over (y) the aggregate (without duplication of amounts) realizable value of the assets which secure such Warehouse Indebtedness, shall not be Permitted Warehouse Indebtedness. For purposes of this definition, "realizable value" of an asset means (i) with respect to any REO Asset, the value realizable upon the disposition of such asset as determined by the Parent Borrower in its reasonable discretion and consistent with customary industry practice and (ii) with respect to any other asset, the lesser of (x) the face value of such asset and (y) the market value of such asset as determined in accordance with the agreement governing the applicable Warehouse Indebtedness; provided, however, that the realizable value of any asset described in clause (i) or (ii) above for which an unaffiliated third party has a binding contractual commitment to purchase from the Parent Borrower or a Subsidiary shall be the minimum price payable to the Parent Borrower or such Subsidiary for such asset pursuant to such contractual commitment.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": any employee benefit plan as defined in Section 3(3) of ERISA, including any employee welfare benefit plan (as defined in Section 3(1) of ERISA), any employee pension benefit plan (as defined in Section 3(2) of ERISA but excluding any Multiemployer Plan), and any plan which is both an employee welfare benefit plan and an employee pension benefit plan, and in respect of which any Group Member or any ERISA Affiliate is (or, if such Plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledged Affiliate": a corporation, limited liability company, partnership or other legal entity which is not a Loan Party in which a Loan Party directly owns all or a portion of its equity interests, in each case so long as (i) all of the equity interests owned by such Loan Party (or, in the case of an Excluded Foreign Subsidiary, 66% of the total voting equity interests owned by such Loan Party) in such Person are pledged as Collateral in favor of the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Security Documents and (ii) such Loan Party Controls such Person.

"Pledged Loan Party": each Loan Party, so long as all of the equity interests in such Loan Party are pledged as Collateral in favor of the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Security Documents.

"Portfolio": a group of Investment Assets purchased by the Parent Borrower on the same date from the same seller in one or a series of related transactions.

"Preferred Equity Investment": a preferred equity investment held by a Pledged Loan Party or an Affiliated Investor in a Person that (x) is not (except by virtue of such investment) an Affiliate of any Loan Party, and (y) owns one or more Commercial Real Estate Debt Investments and/or Commercial Real Estate Ownership Investments, so long as the documents governing the terms of such preferred equity investment include the following provisions:

(i) (A) defined requirements for fixed, periodic cash distributions to be paid to the Pledged Loan Party or Affiliated Investor that owns such preferred equity investment in order to provide a fixed return to such Pledged Loan Party or Affiliated Investor on the then unreturned amount of its investment related thereto, with such distributions being required to be paid prior to any distribution, redemption and/or payments being made on or in respect of any other Capital Stock of the issuer of such preferred equity investment, (B) a requirement that proceeds derived from or in connection with (1) any liquidation or dissolution of the issuer of such preferred equity investment, (2) any direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the issuer of such preferred equity investment or (3) any loss, damage to or any destruction of, or any condemnation or other taking of, all or substantially all of the assets of the issuer of such preferred equity investment, including any proceeds received from insurance policies or condemnation awards in connection therewith, shall, in the case of each of subclauses (1) through (3) of this clause (B), be paid to such Pledged Loan Party or Affiliated Investor until such Pledged Loan Party or Affiliated Investor has received an amount equal to the then unreturned amount of its investment related to such preferred equity investment (plus the accrued and unpaid return due and payable thereon) prior to any distribution, redemption and/or payments being made from any such proceeds on or in respect of any other Capital Stock of the issuer of such preferred equity investment and (C) upon the failure of the issuer of such preferred equity investment to comply with the provisions described above in this clause (i) it shall be a default and such Pledged Loan Party or Affiliated Investor shall be entitled to exercise any or all of the remedies described in clauses (ii) and (iii) below;

(ii) a defined maturity date or mandatory redemption date for such preferred equity investment (excluding any maturity resulting from an optional redemption by the issuer thereof), upon which it is a default if the then unreturned amount of the investment made by such Pledged Loan Party or Affiliated Investor in respect thereof (plus the accrued and unpaid return due and payable thereon) is not immediately repaid to the applicable Pledged Loan Party or Affiliated Investor (and upon such default, in addition to the other remedies enumerated below in clause (iii), the holder of such preferred equity investment is entitled to take control of the issuer thereof and, thereafter, all dividends and distributions by such issuer shall be paid to the holders of the preferred equity investment until the entire unreturned amount of the investment made by such Pledged Loan Party or Affiliated Investor in respect thereof plus all accrued and unpaid return due and payable thereon has been paid to the holders of the preferred equity investment and no distribution, redemption and/or payments shall be made on or in respect of any other equity interest or Capital Stock of the issuer of such preferred equity investment); and

(iii) default remedies that (A) permit the holders of the preferred equity investment to make any and all decisions formerly reserved to (1) holders of the equity interests or Capital Stock (other than such preferred equity investment), or (2) the board of directors or managers (or a similar governing body) of the issuer of such preferred equity investment, including with respect to the sale of all or any part of the Capital Stock or assets of the issuer of such preferred equity investment, and (B) provide for the elimination of all material consent, veto or similar decision making rights afforded to (1) any holders of the capital stock or Capital Stock (other than such preferred equity investment), or (2) the board of directors or managers (or a similar governing body), of such issuer, provided that such decisions (in the case of clause (A) above) and such consent, veto or similar decision making rights (in the case of clause (B) above) could reasonably be expected to restrict the ability of, compromise or delay the holders of the preferred equity investment from realizing upon and paying from the Capital Stock or the assets of the issuer of the preferred equity investment all amounts due and payable with respect to the preferred equity investment.

"Preferred Equity Issuer": a Person in which a Pledged Loan Party or an Affiliated Investor makes a Preferred Equity Investment.

"Prime Rate": the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with extensions of credit to debtors).

"Pro Forma Financial Statements": as defined in Section 5.1(c).

"Proceeding": as defined in Section 10.5(c).

"Prohibited Transaction": as defined in Section 406 of ERISA and Section 4975(c) of the Code.

"Projections": as defined in Section 6.2(c).

"Properties": the facilities and properties owned, leased or operated by any Group Member.

"PTE": a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC": as defined in, and interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support": as defined in Section 10.23.

"Qualified Investment Asset": an Investment Asset which contributes to the calculation of the Maximum Permitted Outstanding Amount.

"Qualified Levered SPV Affiliated Investor": an Affiliated Investor that is not an Unlevered Affiliated Investor and directly owns only First Priority Commercial Real Estate Debt Investments or Portfolios of First Priority Commercial Real Estate Debt Investments, so long as the aggregate amount of Indebtedness (other than Indebtedness incurred pursuant to the Loan Documents) outstanding of such Affiliated Investor and all Affiliated Investors that, directly or indirectly, hold Capital Stock of such Affiliated Investor does not exceed 65% of the aggregate Adjusted Net Book Value of the Investment Assets of such Affiliated Investor; provided that, solely for purposes of this definition, a Portfolio otherwise constituting a First Priority Commercial Real Estate Debt Investment may include Junior Priority Commercial Real Estate Debt Investments of up to 5% of the Adjusted Net Book Value of such Portfolio. An Affiliated Investor shall not be a Qualified Levered SPV Affiliated Investor if it owns any Specified Levered SPV Investments.

"Qualified Levered SPV Capital Stock": all of the Capital Stock held, directly or indirectly, by any Pledged Loan Party in any Qualified Levered SPV Affiliated Investor.

"Qualified Non-Pledged Asset": any Investment Asset that is subject to limitations that prohibit the direct and indirect pledge of equity interests in such Investment Asset, but which otherwise satisfies the Qualifying Criteria. Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document, including as set forth in the definition of Investment Asset or any component definition thereof, a Qualified Non-Pledged Asset shall be held (and shall be permitted to be held) directly by an Affiliated Holder and shall not be required to be held by a Pledged Loan Party, Pledged Affiliate or Affiliated Investor.

"Qualifying Criteria": with respect to any Investment Asset the requirements that:

(A) such Investment Asset is owned (i) with respect to any Investment Asset other than a Qualified Non-Pledged Asset, directly or indirectly by a Pledged Loan Party or a Pledged Affiliate and (ii) with respect to any Qualified Non-Pledged Asset, directly by an Affiliated Holder,

(B) with respect to any Investment Asset other than a Qualified Non-Pledged Asset, the Pledged Loan Party or Affiliated Investor that owns the Investment Asset and each other Loan Party or Affiliated Investor that directly or indirectly owns any Capital Stock in such Pledged Loan Party or Affiliated Investor shall (1) except as otherwise permitted hereunder with respect to any Colony Fund (as described in the definition of Unlevered Affiliated Investor), any encumbered Commercial Real Estate Ownership Investment (as described in the definition of Specified Asset Investments), Qualified Levered SPV Capital Stock, Specified Levered SPV Investment or Specified Levered SPV Capital Stock, have no Indebtedness (other than (x) the Obligations, (y) any other Indebtedness incurred by the Parent Borrower in accordance with Section 7.2(g) and (z) any intercompany obligations owing to the Parent Borrower or any Subsidiary) outstanding at such time, (2) be Solvent at such time, (3) not be subject to any proceedings under any Debtor Relief Law at such time and (4) other than in the case of any Pledged Loan Party, any Pledged Affiliate or any Colony Fund, be Controlled by a Pledged Affiliate and, in the case of a Colony Fund, be Controlled by an Affiliate,

(C) with respect to any Qualified Non-Pledged Asset, each Affiliated Holder that directly or indirectly owns the Qualified Non-Pledged Asset shall (1) have no Indebtedness (other than (x) the Obligations and (y) any intercompany obligations owing to the Parent Borrower or any Subsidiary that is a Guarantor) outstanding at such time, (2) be Solvent at such time, (3) not be subject to any proceedings under any Debtor Relief Law at such time and (4) other than in the case of any Colony Fund, be Controlled by a Subsidiary that is a Subsidiary Guarantor and, in the case of a Colony Fund, be Controlled by an Affiliate,

(D) Adjusted Net Book Value with respect to such Investment Asset be included in the calculation of the Maximum Permitted Outstanding Amount only to the extent that (1) there are no contractual or legal prohibitions on the making of dividends, distributions or other payments that, as in effect on any date of determination, are effective to prevent dividends, distributions or other payments from the applicable Investment Asset to, directly or indirectly, a Loan Party (it being understood that reasonable or customary limitations associated with (i) distributions by any Colony Fund to its fund investors and (ii) the timing of distributions or requirements associated with the retention of funds by an Affiliated Investor for the purpose of maintaining working capital, liquidity, reserves or otherwise satisfying funding needs in respect of an Investment Asset shall in any event not constitute prohibitions on dividends, distributions or other payments hereunder) and (2) the obligations under Section 6.14 hereof with respect to such Investment Asset are satisfied,

(E) except in connection with Indebtedness permitted hereunder with respect to any encumbered Commercial Real Estate Ownership Investment (as described in the definition of Specified Asset Investments), Qualified Levered SPV Capital Stock, Specified Levered SPV Investment or Specified Levered SPV Capital Stock, such Investment Asset (excluding, for the avoidance of doubt, any real estate to which such Investment Asset relates and Liens encumbering the assets of any Equity Investment Asset Issuer) shall not be, directly or indirectly, encumbered by any Lien (other than a Lien arising under a Loan Document) at such time,

(F) such Investment Asset (or the real estate to which such Investment Asset relates) is not the subject of any proceedings under any Debtor Relief Law at such time, and

(G) no Investment Asset shall contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount unless (x) each direct or indirect owner of such asset required to be a Subsidiary Guarantor pursuant to the terms of the Loan Documents shall have been made a Subsidiary Guarantor (and, for the avoidance of doubt, at least one direct or indirect owner of such asset shall have been made a Pledged Loan Party or Pledged Affiliate (or, with respect to any Qualified Non-Pledged Assets, a Subsidiary Guarantor)) and (y) except with respect to Qualified Non-Pledged Assets, each such Subsidiary Guarantor shall have granted to the Administrative Agent, for the benefit of the Lenders, a first priority perfected security interest in any assets that are required to be subject to the Lien created by any of the Security Documents, in accordance with Section 6.10 hereof and the Security Documents (including, for the avoidance of doubt (and notwithstanding anything to the contrary set forth in the

Security Documents) 100% of the Capital Stock of the Affiliated Investor or Pledged Loan Party, as applicable (or, solely with respect to an Excluded Foreign Subsidiary, 66% of the Capital Stock of such Excluded Foreign Subsidiary) that holds such Investment Asset or of a direct or indirect parent thereof).

"Qualifying Location": each of the U.S., Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland and United Kingdom.

"Quotation Day": with respect to any Eurodollar Loan for any Interest Period, two Business Days prior to the commencement of such Interest Period.

"Register": as defined in Section 10.6(b).

"Regulation U": Regulation U of the Board as in effect from time to time.

"Reimbursement Obligation": the obligation of a Borrower to reimburse an Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit.

"REIT": a "real estate investment trust" as defined in Section 856(a) of the Code.

"REIT Status Termination Date": the first date (if any) on which the Borrower determines that the Listed Entity will not qualify as a REIT under the Code and the applicable regulations under the Code, which determination may be either because (i) of an affirmative decision of or action taken by the Listed Entity or (ii) the Listed Entity otherwise fails to operate in conformity with the requirements for qualification and taxation as a REIT for the applicable calendar year.

~~"REIT Entity": Colony Capital, Inc., a Maryland corporation.~~

~~"REIT Guaranty": a guaranty in form and substance substantially similar to the guarantee contained in Section 2 of the Guarantee and Collateral Agreement, to be entered into by the REIT Entity pursuant to which the REIT Entity shall guarantee the Obligations; provided that recourse under such guaranty shall only be available upon the occurrence of an Event of Default pursuant to Section 8(l) hereof.~~

"REO Asset": with respect to any Person, any real property owned by such Person and acquired as a result of the foreclosure or other enforcement of a Lien on such asset securing a loan or other mortgage-related receivable.

"Reorganization": as defined in the definition of "Transactions".

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Pension Plan, other than those events as to which notice is waived pursuant to DOL Reg. Section 4043 as in effect on the date hereof (no matter how such notice requirement may be changed in the future).

"Required Lenders": the holders of more than 50% of (x) until the Closing Date, the Revolving Commitments then in effect and (y) thereafter, the sum of the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding, subject to Section 2.18(b).

"Requirement of Law": as to any Person, any law (including common law), code, statute, ordinance, treaty, rule, regulation, decree, order or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Resolution Authority": an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer": as to any Person, the chief executive officer, president, vice president, chief financial officer or treasurer of such Person, but in any event, with respect to financial matters, the chief financial officer or treasurer of such Person.

"Restricted Investment": an Investment by any Loan Party in an Investment Asset in respect of which (a) as a result of the operation of clause (iv) of the proviso to Section 3.1 of the Guarantee and Collateral Agreement, the Administrative Agent, on behalf the Lenders, does not have (or, after the making thereof, will not have), a direct or indirect pledge of Capital Stock associated with such Investment Asset (it being understood that the pledge of the Capital Stock of any Upper Tier Issuer (as defined in the Guarantee and Collateral Agreement) that indirectly owns such Investment Asset will constitute an indirect pledge for purposes of this clause (a)) and (b) at the time such Investment Asset is initially acquired, Total Revolving Extensions of Credit outstanding exceed 90% of the Maximum Permitted Outstanding Amount immediately after giving effect to the acquisition of such Investment Asset. For clarity, an Investment made in respect of an existing Investment Asset pursuant to (i) pre-existing funding obligations or (ii) in connection with a protective Investment, the primary purpose of which is to preserve, administer or otherwise realize on such Investment, as determined by the Parent Borrower in its commercially reasonable business judgment, shall not constitute a Restricted Investment.

"Restricted Payments": as defined in Section 7.6.

"Restrictive Provisions": means (a) any financial covenant set forth in Section 7.1, including any associated prepayment or similar obligations due to extensions of credit made on or after the Closing Date exceeding the Maximum Permitted Outstanding Amount (other than as a result of (i) a borrowing that, at the time incurred (other than on the Closing Date), exceeded the Maximum Permitted Outstanding Amount or (ii) an incurrence of Indebtedness or a sale or transfer of assets that, on a pro forma basis as of the date of such incurrence, sale or transfer, was not in compliance with Section 7.1 (each of which such matters shall be governed by the immediately following clause (b)) and (b) any other representation, covenant or event of default under the Loan Documents; provided that solely in the case of clause (b), the applicable default under such provision shall have occurred inadvertently and solely in the case of clause (b) (and with respect to item (i) below, clause (a)), such default would not (i) impair the enforceability of the Loan Documents, (ii) materially impair the ability of any Borrower to repay the obligations under the Loan Documents when due, (iii) materially diminish the credit quality of the Loan Parties or, taken as a whole, the Parent Borrower and its subsidiaries or (iv) materially impair the value of or benefit obtained from the Collateral from the perspective of the Lenders taken as a whole.

"Revolving Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth under the heading "Revolving Commitment" opposite such Lender's name on Schedule 1.1A or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate amount of Revolving Commitments on the Fourth Amendment Effective Date is $500,000,000.

“Revolving Commitment Period”: the period from and including the Closing Date to the Revolving Termination Date.

“Revolving Extensions of Credit”: as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding and (b) such Lender’s Revolving Percentage of the L/C Obligations then outstanding.

“Revolving Facility”: the Revolving Commitments and the extensions of credit made thereunder.

“Revolving Lender”: each Lender that has a Revolving Commitment or that holds Revolving Loans.

“Revolving Loans”: as defined in Section 2.1.

“Revolving Percentage”: as to any Revolving Lender at any time, the percentage which such Lender’s Revolving Commitment then constitutes of the Total Revolving Commitments or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender’s Revolving Loans then outstanding constitutes of the aggregate principal amount of the Revolving Loans then outstanding. Notwithstanding the foregoing, in the case of Section 2.18 when a Defaulting Lender shall exist, Revolving Percentages shall be determined without regard to any Defaulting Lender’s Revolving Commitment.

“Revolving Termination Date”: (i) until the exercise by the Parent Borrower of an Extension Option in accordance with and subject to the terms and conditions of Section 2.20, the Initial Revolving Termination Date and (ii) thereafter, the Extended Termination Date.

“Sanctioned Country”: at any time, a country, region or territory which is itself the subject or target of any Sanctions (as of the Closing Date, the Crimea region of Ukraine, Cuba, Iran, North Korea, Republic of Sudan and Syria).

“Sanctioned Person”: at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions”: economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom or other relevant sanctions authority.

“Screen Rate”: as defined in the definition of “Eurodollar Base Rate”.

“SEC”: the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

“Second Amendment”: the Second Amendment to this Agreement, dated as of January 8, 2019.

“Secured Parties”: collectively, the Administrative Agent, the Lenders, any affiliate of the foregoing, the Swap Banks and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.2.

“Secured Swap Agreement”: any Swap Agreement permitted under Section 7.11 (other than those in respect of Capital Stock) that is entered into by and between the Parent Borrower or any other Loan Party and any Swap Bank, to the extent (i) designated by the Parent Borrower and such Swap Bank as a “Secured Swap Agreement” in writing to the Administrative Agent within ten (10) Business Days of the date such Swap Agreement is entered into (or such later time as may be permitted by the Administrative Agent) and (ii) the requirements described in the definition of “Swap Agreement” shall have been satisfied with respect to such Swap Agreement. The designation of any Secured Swap Agreement shall not create in favor of such Swap Bank any rights in connection with the management or release of Collateral or of the obligations of any Subsidiary Guarantor under the Loan Documents.

“Security Documents”: the collective reference to the Guarantee and Collateral Agreement, any Control Agreement and all other security documents hereafter delivered to the Administrative Agent granting or perfecting (or purporting to grant or perfect) a Lien on any property of any Person to secure the obligations and liabilities of any Loan Party under any Loan Document.

“Solvent”: when used with respect to any Person, means that, as of any date of determination, (a) the amount of the “present fair saleable value” of the assets of such Person will, as of such date, exceed the amount of all “liabilities of such Person, contingent or otherwise”, as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) “debt” means liability on a “claim”, and (ii) “claim” means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

“Specified Asset Investments”: collectively, (a) any encumbered Commercial Real Estate Ownership Investment (excluding land) that is owned by an Affiliated Investor and any unencumbered Commercial Real Estate Ownership Investment in land that is owned by an Unlevered Affiliated Investor, (b) Specified Common Stock, (c) Preferred Equity Investments to the extent held by a Pledged Loan Party or an Unlevered Affiliated Investor, (d) any Specified Commercial Real Estate Debt Investment, (e) any Specified Levered SPV Investment and (f) any Specified Levered SPV Capital Stock.

“Specified Commercial Real Estate Debt Investment”: any Portfolio otherwise constituting a Junior Priority Commercial Real Estate Debt Investment (for clarity, excluding any Investment Asset classified as a Junior Priority Commercial Real Estate Debt Investment pursuant to clause (ii) to the proviso to the definition of First Priority Commercial Real Estate Debt Investment) in which greater than 10% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans (and any single Investment Asset otherwise constituting a Junior Priority Commercial Real Estate Debt Investment that is a Non-Performing Loan).

“Specified Common Stock”: common stock in platforms or companies listed on Schedule 1.1B, in each case, to the extent held by a Pledged Loan Party or an Unlevered Affiliated Investor.

"Specified Excluded Asset": each encumbered Commercial Real Estate Ownership Investment (excluding land), (A) which was financed with non-recourse Indebtedness ("Specified Excluded Asset Debt") and (B) which has been designated by the Parent Borrower as a Specified Excluded Asset.

"Specified Excluded Asset Debt": as defined in the definition of "Specified Excluded Asset".

"Specified GAAP Reportable B Loan Transaction": a transaction involving either (i) the sale by the Parent Borrower, any Subsidiary or any Affiliated Investor of the portion of an Investment Asset consisting of an "A-Note", and the retention by the Parent Borrower, its Subsidiaries and the Affiliated Investors of the portion of such Investment Asset consisting of a "B-Note", which transaction is required to be accounted for under GAAP as a "financing transaction" or (ii) the acquisition or retention by the Parent Borrower, any of its Subsidiaries or any Affiliated Investor of an Investment Asset consisting of a "b-piece" in a securitization facility, which transaction under GAAP results in all of the assets of the trust that is party to the securitization facility, and all of the bonds issued by such trust under such securitization facility that are senior to the "b-piece", to be consolidated on the Parent Borrower's consolidated balance sheet as assets and liabilities, respectively.

"Specified Levered SPV Investment": any Portfolio otherwise constituting a First Priority Commercial Real Estate Debt Investment held by an Affiliated Investor that would otherwise qualify as a Qualified Levered SPV Affiliated Investor in which greater than 25% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans (and any single Investment Asset held by an Affiliated Investor that would otherwise qualify as a Qualified Levered SPV Affiliated Investor that is a Non-Performing Loan).

"Specified Levered SPV Capital Stock": all of the Capital Stock held, directly or indirectly, by any Pledged Loan Party in any Affiliated Investor that would otherwise qualify as a Qualified Levered SPV Affiliated Investor but for the fact that the aggregate amount of Indebtedness (other than Indebtedness incurred pursuant to this Agreement or any Loan Document) outstanding of such Affiliated Investor and all Affiliated Investors that, directly or indirectly, hold Capital Stock of such Affiliated Investor exceeds 65% of the aggregate Adjusted Net Book Value of the Investment Assets of such Affiliated Investor.

"Specified Restricted Payment Amount": at any time of determination, an aggregate amount equal to (i) the cumulative reasonably estimated taxable consolidated net income of the Parent Borrower and its Subsidiaries for the period commencing on the first day of the fiscal year in which the REIT Status Termination Date occurs and ending on such date of determination (taken as one accounting period) minus (ii) taxes paid or reasonably estimated to be payable in respect of such taxable consolidated net income minus (iii) the amount of all Restricted Payments previously made during such period pursuant to Section 7.6(e).

"Specified Reduction Amount": as of any day with respect to any Specified Excluded Asset, an amount, which shall not be less than zero, equal to (i) the Adjusted Net Book Value of such Specified Excluded Asset minus (ii) the outstanding aggregate principal amount of the corresponding Specified Excluded Asset Debt.

~~"Specified REITs": collectively, NRFC MH Holdings LLC, NRFC MH II Holdings LLC, MH III Holdings-T, LLC and MH IV Holdings-T, LLC.~~

"Specified Subsidiary": as defined in Section 10.14(d).

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"Specified Time": 11:00 a.m., London time.

"Subscription Line Indebtedness": Indebtedness incurred to provide bridge financing pending receipt of capital call commitments, which Indebtedness would be either (i) Non-Recourse Indebtedness, or (ii) in the case of such Indebtedness of a Loan Party, limited in recourse to the rights of such Loan Party to provide capital commitments, make capital calls, exercise rights as the general partner or managing member of the subsidiary or affiliate obtaining such subscription line, and ancillary rights related thereto or otherwise granted in connection with such subscription facility, including, without limitation, in relation to any bank accounts into which proceeds of such capital calls are made; provided that, in each case, the amount of such Subscription Line Indebtedness shall be limited to a borrowing base that cannot exceed the amount of uncalled capital commitments of the borrower of such Subscription Line Indebtedness.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person; provided, however, that in no event shall a Colony Fund constitute a Subsidiary. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Parent Borrower.

"Subsidiary Borrower": (a) Colony Capital Investment Holdco, LLC and (b) any Wholly-Owned Subsidiary of the Parent Borrower that is a Domestic Subsidiary and that becomes a party hereto pursuant to Section 2.21 until, in each case, such time as such Subsidiary Borrower is removed as a party hereto pursuant to Section 2.21.

"Subsidiary Borrower Joinder Agreement": as defined in Section 2.21(a)(i).

"Subsidiary Guarantor": (a) each Subsidiary that is party to the Guarantee and Collateral Agreement on the Closing Date and (b) each Subsidiary that becomes a party to the Guarantee and Collateral Agreement after the Closing Date pursuant to Section 6.10 or otherwise.

"Supermajority Lenders": the holders of more than 66⅔% of (x) until the Closing Date, the Revolving Commitments then in effect and (y) thereafter, the sum of the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding, subject to Section 2.18(b).

"Supported QFC": as defined in Section 10.23.

"Swap Agreement": any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swap Bank": any Person that is the Administrative Agent, a Lender, an Affiliate of the Administrative Agent or an Affiliate of a Lender at the time it enters into a Secured Swap Agreement, in its capacity as a party thereto, and (other than a Person already party hereto as the Administrative Agent or a Lender) that delivers to the Administrative Agent a letter agreement reasonably satisfactory to it (i) appointing the Administrative Agent as its agent under the applicable Loan Documents and (ii) agreeing to be bound by Sections 10.5, 10.11, 10.12, 10.16 and the Guarantee and Collateral Agreement as if it were a Lender.

"Swap Obligation": with respect to any Subsidiary Guarantor, any obligation to pay or perform under any Swap Agreement.

"Syndication Agent": the Syndication Agent identified on the cover page of this Agreement.

"Taxes": all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Termination Letter": as defined in Section 2.21(a)(ii).

"Third Amendment": the Third Amendment to this Agreement, dated as of April 5, 2019.

"Total Asset Value": as of any date, the net book value of the total assets of the Parent Borrower and its Consolidated Subsidiaries on such date as determined in accordance with GAAP plus (x) accumulated depreciation and (y) amortization of real estate intangibles; provided, that Total Asset Value shall (i) exclude the amount of all restricted cash (other than reserves for Capital Expenditures) of the Parent Borrower and its Consolidated Subsidiaries to the extent such cash supports obligations that do not constitute Consolidated Total Debt, (ii) include the net book value of assets associated with a Specified GAAP Reportable B Loan Transaction only to the extent in excess of the amount of any Indebtedness attributable to such Specified GAAP Reportable B Loan Transaction, (iii) include the net book value of assets associated with any Permitted Non-Recourse CLO Indebtedness only to the extent (A) in excess of the amount of any associated Permitted Non-Recourse CLO Indebtedness and (B) such assets are Investment Assets that contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount, (iv) solely with respect to the net book value of the total assets of a Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of the net book value of such Non Wholly-Owned Consolidated Affiliate's total assets, (v) exclude any assets of a Colony Fund funded with Subscription Line Indebtedness and (vi) exclude any Specified Excluded Assets.

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect.

"Total Revolving Extensions of Credit": at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"Transaction Costs": as defined in the definition of "Transactions".

"Transactions": collectively, (a) the execution and delivery of this Agreement by the Parent Borrower, (b) the application of proceeds of the Revolving Loans received by the Parent Borrower on the Closing Date to, directly or indirectly, refinance in full the outstanding indebtedness of each of NorthStar Realty, NorthStar Asset Management and Colony Capital and their respective Subsidiaries required to be repaid in connection with the consummation of the Transactions, as set forth in the Merger Agreement, (c) the payment by the Parent Borrower of the fees and expenses incurred in connection with the Transactions (such fees and expenses, the "Transaction Costs") and (d) the consummation of the Merger in a manner consistent with the Merger Agreement, which will in any event result in (x) the Parent Borrower becoming a direct subsidiary of the ~~REIT~~Listed Entity and (y) the assets of NorthStar Realty, NorthStar Asset Management, the Parent Borrower and their respective Subsidiaries being held by the Parent Borrower and its Subsidiaries after giving effect to the Merger~~, other than the Capital Stock of the Specified REITs, which shall be held directly by the REIT Entity~~ (clauses (x) and (y) together, the "Reorganization").

"Transferee": any Assignee or Participant.

"Trigger Event": at any time with respect to any Qualified Investment Asset, any event or circumstance that occurs with respect to such Qualified Investment Asset (including, for this purpose, in respect of any direct or indirect owner thereof) that could reasonably be expected to result in a reduction in the Maximum Permitted Outstanding Amount during the then current fiscal quarter of the Parent Borrower (including any default or restructuring in respect of such Qualified Investment Asset, any modification, waiver, termination or expiration of any applicable loan agreement, lease agreement or joint venture or other equityholder documentation relating to such Qualified Investment Asset, any bankruptcy or insolvency event relating to any real property manager, tenant or any other obligor in respect of such Qualified Investment Asset, any liabilities (environmental, tax or otherwise) incurred by any Loan Party or Affiliated Investor in respect of such Qualified Investment Asset, any casualty or condemnation event with respect to such Qualified Investment Asset); provided that either (i) immediately before or after giving effect to such event or circumstance, the Total Revolving Extensions of Credit outstanding exceeds 90% of the Maximum Permitted Outstanding Amount or (ii) (x) immediately before or after giving effect to such event or circumstance, the Total Revolving Extensions of Credit outstanding exceeds 75% of the Maximum Permitted Outstanding Amount and (y) such event or circumstance results in a reduction of the Maximum Permitted Outstanding Amount in excess of 5% thereof (to be calculated after giving effect to such reduction).

"Type": as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

"UCP" means, with respect to any Letter of Credit, the "Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("ICC") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

"UK Financial Institution": any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority": the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unconsolidated Subsidiary": any Subsidiary of the Parent Borrower that is not a Consolidated Subsidiary of the Parent Borrower.

"United States": the United States of America.

"Unlevered Affiliated Investor": any Affiliated Investor so long as (i) such Affiliated Investor has no Indebtedness outstanding, (ii) such Affiliated Investor is not an Excluded Subsidiary and (iii) no Affiliated Investor that, directly or indirectly, holds Capital Stock of such Affiliated Investor has any Indebtedness outstanding (in each case with respect to clauses (i) and (iii), other than (x) any Indebtedness incurred pursuant to the Loan Documents and (y) in the case of any Colony Fund or any Affiliated Investor in which a Colony Fund directly or indirectly holds Capital Stock, any Subscription Line Indebtedness) or is an Excluded Subsidiary.

"Unreimbursed Amounts": as defined in Section 3.4.

"Unrestricted Cash": at any time (i) the aggregate amount of cash of the Loan Parties at such time that are not subject to any Lien (excluding Liens arising under a Loan Document, Liens of the type described in Section 7.3(a), and statutory Liens in favor of any depositary bank where such cash is maintained), minus (ii) amounts included in the foregoing clause (i) that are held by a Person other than a Loan Party as a deposit or security for Contractual Obligations.

"U.S. Person": a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regimes": as defined in Section 10.23.

"U.S. Tax Compliance Certificate": as defined in Section 2.14(f)(ii)(B)(3).

"Warehouse Facility": any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and commercial paper facilities (excluding in all cases, securitizations), with a financial institution or other lender or purchaser exclusively to finance the purchase or origination of Commercial Real Estate Debt Investments prior to securitization thereof; provided that such purchase or origination is in the ordinary course of business.

"Warehouse Indebtedness": Indebtedness in connection with a Warehouse Facility; provided that the amount of any particular Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Wholly-Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly-Owned Subsidiaries.

"Wholly-Owned Subsidiary Guarantor": any Subsidiary Guarantor that is a Wholly-Owned Subsidiary of the Parent Borrower.

"Withdrawal Liability": any liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

"Write-Down and Conversion Powers": (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to any Group

Member not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP (provided that all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Parent Borrower or any Subsidiary at "fair value", as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof), (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words "hereof", "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) All references herein to consolidated financial statements of the Parent Borrower and its Subsidiaries or to the determination of any amount for the Parent Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Parent Borrower is required to consolidated pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

(f) When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in the definition of "Interest Period") or performance shall extend to the immediately succeeding Business Day and such extension of time shall be reflected in computing applicable interest or fees, as the case may be.

1.3 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Application related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such times.

1.4 Interest Rates; LIBOR Notification. The interest rate on a Loan denominated in dollars may be derived from an interest rate benchmark that is, or may in the future become, the subject of regulatory reform. Regulators have signaled the need to use alternative benchmark reference rates for some of these interest rate benchmarks and, as a result, such interest rate benchmarks may cease to comply with applicable laws and regulations, may be permanently discontinued, and/or the basis on which they are calculated may change. The interest rate on Eurodollar Loans is determined by reference to the Eurodollar Base Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurodollar Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 2.11(b) of this Agreement, such Section 2.11(b) provides a mechanism for determining an alternative rate of interest upon the occurrence of such an event. The Administrative Agent will notify the Borrower, pursuant to Section 2.11, in advance of any change to the reference rate upon which the interest rate on Eurodollar Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Eurodollar Base Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate , as it may or may not be adjusted pursuant to Section 2.11(b), will be similar to, or produce the same value or economic equivalence of, the Eurodollar Base Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

1.5 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Capital Stock at such time.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Revolving Commitments. Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans in Dollars ("Revolving Loans") to any Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Percentage of the L/C Obligations then outstanding, does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrowers may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the applicable Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.7. Notwithstanding anything to the contrary in this Agreement, in no event shall the Total Revolving Extensions of Credit exceed the Maximum Permitted Outstanding Amount.

2.2 Procedure for Revolving Loan Borrowing. Any Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the applicable Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time, (a) three Business Days prior to the requested Borrowing Date (or, with respect to any such borrowing to be made on the Closing Date, such later date agreed to by the Administrative Agent in its sole discretion), in the case of Eurodollar Loans, or (b) on the requested Borrowing Date, in the case of ABR Loans), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor. Each borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of ABR Loans, $1,000,000 or a whole multiple thereof (or, if the then aggregate Available Revolving Commitments are less than $1,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Upon receipt of any such notice from a Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the applicable Borrower at the Funding Office prior to 2:00 P.M., New York City time, on the Borrowing Date requested by such Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the applicable Borrower by the Administrative Agent crediting the account of such Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

2.3 Commitment Fees. (a) The Parent Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the date hereof to the last day of the Revolving Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on each Fee Payment Date, commencing on the first such date to occur after the date hereof.

(b) The Parent Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in any fee agreements with the Administrative Agent and to perform any other obligations contained therein.

2.4 Termination or Reduction of Revolving Commitments. The Parent Borrower shall have the right at any time, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Commitments. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments then in effect.

2.5 Optional Prepayments. The Borrowers may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent no later than 12:00 Noon, New York City time, three Business Days prior thereto, in the case of Eurodollar Loans, and no later than 12:00 Noon, New York City time, on the date of such prepayment, in the case of ABR Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the applicable Borrower shall also pay any amounts owing pursuant to Section 2.15. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are ABR Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof. Notwithstanding the foregoing, any notice of prepayment delivered in connection with any refinancing or prepayment of all of the Revolving Facility with the proceeds of Indebtedness or other transaction to be incurred or consummated substantially simultaneously with such refinancing or prepayment, may be, if expressly stated in such notice of prepayment, contingent upon the consummation of such transactions and may be revoked by the applicable Borrower in the event the incurrence of such transaction is not consummated.

2.6 Mandatory Prepayments and Commitment Reductions. (a) If for any reason the Total Revolving Extensions of Credit exceeds the lesser of (x) the Total Revolving Commitments then in effect and (y) the Maximum Permitted Outstanding Amount, the Borrowers shall immediately prepay the applicable Loans in an aggregate amount equal to such excess.

(b) [Reserved].

(c) On March 31, 2021, the Total Revolving Commitments shall be reduced automatically to $400,000,000 and, concurrently with such reduction, the Borrowers shall make any prepayment of Loans (and, if applicable, cash collateralize outstanding Letters of Credit), in each case, to the extent required pursuant to Section 2.6(e) as a result of such reduction.

(d) If any Indebtedness shall be incurred pursuant to Section 7.2(h), an amount equal to 100% of the Net Cash Proceeds thereof shall be immediately applied toward the prepayment of the Loans.

(e) Any reduction of the Revolving Commitments shall be accompanied by prepayment of the Revolving Loans to the extent, if any, that the Total Revolving Extensions of Credit exceed the amount of the Total Revolving Commitments as so reduced, provided that if the aggregate principal amount of Revolving Loans then outstanding is less than the amount of such excess (because L/C Obligations constitute a portion thereof), the Borrowers shall, to the extent of the balance of such excess, cash collateralize on or prior to the date of such reduction (in the manner described in Section 3.9) or replace outstanding Letters of Credit. The application of any prepayment pursuant to Section 2.6 shall be made, first, to ABR Loans and, second, to Eurodollar Loans. Each prepayment of the Revolving Loans under Section 2.6 (except in the case of Revolving Loans that are ABR Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

2.7 Conversion and Continuation Options. (a) Any applicable Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 12:00 Noon, New York City time, on the Business Day preceding the proposed conversion date, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The applicable Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 12:00 Noon, New York City time, on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no ABR Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Required Lenders have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the applicable Borrower giving irrevocable notice to the

Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such continuations or (ii) if an Event of Default specified in clause (i) or (ii) of Section 8(f) with respect to any Borrower is in existence, and provided, further, that (i) if the applicable Borrower shall fail to give any required notice as described above in this paragraph or to specify any Interest Period in any such notice, such Loans shall be continued as Eurodollar Loans with an Interest Period of one month, or (ii) if such continuation is not permitted pursuant to the preceding proviso, such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.8 Limitations on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to $5,000,000 or a whole multiple of $1,000,000 in excess thereof and (b) no more than ten Eurodollar Tranches shall be outstanding at any one time.

2.9 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to (x) in the case of Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to ABR Loans under the Revolving Facility plus 2% and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans plus 2%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.10 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify relevant Borrowers and Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the relevant Borrowers and Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrowers and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the applicable Borrower, deliver to such Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.9(a).

2.11 Alternative Rate of Interest. (a) If prior to the first day of any Interest Period:

(i) ~~(i)~~ the Administrative Agent shall have determined (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurodollar Base Rate or the Eurodollar Rate, as applicable (including, without limitation, because the Screen Rate is not available or published on a current basis), for such Interest Period, or

(ii) ~~(ii)~~ the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Base Rate or the Eurodollar Rate, as applicable, determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

then the Administrative Agent shall give telecopy or telephonic notice thereof to the relevant Borrowers and Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall any Borrower have the right to convert Loans to Eurodollar Loans.

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrowers shall endeavor to establish an alternate rate of interest to the Eurodollar Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary in Section 10.1, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.11(b), only to the extent the Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any Interest Election Request that requests the conversion of any Loan to, or continuation of any Loan as, a Eurodollar Loan shall be ineffective and (y) if any notice of borrowing requests a Eurodollar Loan, such Loan shall be made as an ABR Loan;

provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

2.12 Pro Rata Treatment and Payments. (a) Each borrowing by a Borrower from the Lenders hereunder, each payment by the Parent Borrower on account of any commitment fee (other than as provided in Section 2.18(a)) and any reduction of the Revolving Commitments of the Lenders shall be made pro rata according to the respective Revolving Percentages of the relevant Lenders.

(b) Subject to Section 2.18, each payment (including each prepayment) by any Borrower on account of principal of and interest on the Loans shall be made pro rata according to the respective outstanding principal amounts of the Loans then held by the Lenders.

(c) All payments (including prepayments) to be made by any Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to each relevant Lender promptly upon receipt in like funds as received, net of any amounts owing by such Lender pursuant to Section 9.7. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(d) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans, on demand, from the applicable Borrower.

(e) Unless the Administrative Agent shall have been notified in writing by the applicable Borrower prior to the date of any payment due to be made by such Borrower hereunder that such Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that said Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the applicable Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against any Borrower.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.12(d), 2.12(e), 2.14(e) or 9.7, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, apply any amounts thereafter received by the Administrative Agent for the account of such Lender in accordance with Section 2.18(c).

2.13 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender or other Credit Party with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Credit Party to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit (or participations therein) by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate; or

(iii) shall impose on such Lender any other condition (other than Taxes);

and the result of any of the foregoing is to increase the cost to such Lender or such other Credit Party, by an amount that such Lender or other Credit Party deems to be material, of making, converting into, continuing or maintaining Loans or issuing or participating in Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the applicable Borrowers shall promptly pay such Lender or such other Credit Party, upon its demand and delivery to the Parent Borrower of a certificate described in clause (d) below, any additional amounts necessary to compensate such Lender or such other Credit Party for such increased cost or reduced amount receivable. If any Lender or such other Credit Party becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Parent Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital or liquidity requirements or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital or liquidity requirements (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy or liquidity) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Parent Borrower (with a copy to the Administrative Agent) of a written request therefor in the form of a certificate described in clause (d) below, the applicable Borrowers shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in law, regardless of the date enacted, adopted, issued or implemented; provided that a Lender may only submit a request for compensation in connection with the changes in the Requirements in Law described in clauses (i) and (ii) above if such Lender imposes such increased costs on borrowers similarly situated to the Parent Borrower under syndicated credit facilities comparable to the Revolving Facility.

(d) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Parent Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrowers shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than nine months prior to the date that such Lender notifies the Parent Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such nine-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrowers pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.14 Taxes. (a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.14), the amounts received with respect to this agreement equal the sum which would have been received had no such deduction or withholding been made.

(b) The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.14, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment (if any), or a copy of the return reporting such payment (or other evidence of such payment reasonably satisfactory to the Administrative Agent).

(d) The Loan Parties shall jointly and severally indemnify each Credit Party, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable to such Credit Party by a Loan Party under this Section) payable or paid by such Credit Party or required to be withheld or deducted from a payment to such Credit Party and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Parent Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Loan Parties to do so) and (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6(c) relating to the maintenance of a Participant Register, in either case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) (i) Each Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Parent Borrower and the Administrative Agent, at the time or times reasonably requested by the Parent Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Parent Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Parent Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Parent Borrower or the Administrative Agent as will enable the Parent Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.14(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Parent Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is fully exempt from U.S. federal backup withholding tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Parent Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent Borrower or the Administrative Agent), whichever of the following is applicable (plus any other documents or other evidence to fully exempt any amount payable or paid to such Non-U.S. Lender from U.S. federal backup withholding tax):

(1) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty (if such amount is properly treated as interest thereunder and as otherwise required under U.S. federal tax law) and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Non-U.S. Lender is none of the following: a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E;

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other valid and reasonably acceptable certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Parent Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Parent Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax under FATCA if such Lender were to fail to comply with the applicable requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Parent Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Parent Borrower or the Administrative Agent as may be necessary for the Parent Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), and notwithstanding the definition thereof, "FATCA" shall include any and all amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Parent Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If any party determines, in its reasonable discretion, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each party's obligations under this Section 2.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all obligations under the Loan Documents.

(i) For purposes of this Section 2.14 and the relevant defined terms used therein, (A) the term "applicable law" includes FATCA and (B) the term "Lender" includes the Issuing Lenders.

(j) For purposes of determining withholding Taxes imposed under FATCA, from and after the Closing Date, the Parent Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulations Section 1.1471-2(b)(2)(i).

2.15 Indemnity. Each Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by such Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after such Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by such Borrower in making any prepayment of or conversion from Eurodollar

Loans after such Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Parent Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.16 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.13, 2.14(a), or 2.14(d) with respect to such Lender, it will, if requested by the Parent Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending offices to suffer no material economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of any Borrower or the rights of any Lender pursuant to Section 2.13, 2.14(a), or 2.14(d).

2.17 Replacement of Lenders. The Parent Borrower shall be permitted to replace any Lender that (a) requests (or any Participant to which such Lender sold a participation requests) reimbursement for amounts owing pursuant to Section 2.13, 2.14(a) or 2.14(d), (b) becomes a Defaulting Lender, or (c) does not consent to any proposed amendment, supplement, modification, consent or waiver of any provision of this Agreement or any other Loan Document that requires the consent of each of the Lenders or each of the Lenders affected thereby (so long as the consent of the Required Lenders (with the percentage in such definition being deemed to be 50% for this purpose) has been obtained), with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender (or Participant, as applicable) shall have taken no action under Section 2.16 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.13, 2.14(a), or 2.14(d), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender (or Participant, as applicable) on or prior to the date of replacement, (v) the applicable Borrower shall be liable to such replaced Lender (or Participant, as applicable) under Section 2.15 if any Eurodollar Loan owing to such replaced Lender (or Participant, as applicable) shall be purchased other than on the last day of the Interest Period relating thereto, (vi) except in the case of a Participant, the replacement financial institution shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6 (provided that the Parent Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrowers shall pay all additional amounts (if any) required pursuant to Section 2.13, 2.14(a), or 2.14(d), as the case may be and (ix) any such replacement shall not be deemed to be a waiver of any rights that any Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender (or Participant, as applicable). Each party hereto agrees that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the

Borrowers, the Administrative Agent and the assignee, and that the Lender (or Participant, as applicable) required to make such assignment need not be a party thereto in order for such assignment to be effective.

2.18 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender pursuant to Section 2.3(a) (it being understood, for the avoidance of doubt, that the Parent Borrower shall have no obligation to retroactively pay such fees after such Lender ceases to be a Defaulting Lender);

(b) the Revolving Commitment and Revolving Extensions of Credit of such Defaulting Lender shall not be included in determining whether the Required Lenders or the Supermajority Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.1); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.7 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Parent Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Parent Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender’s potential future funding obligations with respect to Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to a Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Revolving Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.18(c) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(d) if any L/C Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the L/C Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Revolving Percentages but only to the extent the sum of all non-Defaulting Lenders' Revolving Extensions of Credit plus such Defaulting Lender's L/C Exposure does not exceed the total of all non-Defaulting Lenders' Revolving Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, each Borrower shall within one Business Day following notice by the Administrative Agent cash collateralize for the benefit of the Issuing Lenders only such Borrower's obligations corresponding to such Defaulting Lender's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above), if any, in accordance with the procedures set forth in Section 3.9 for so long as such L/C Exposure is outstanding;

(iii) if a Borrower cash collateralizes any portion of such Defaulting Lender's L/C Exposure pursuant to clause (ii) above, such Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.3(a) with respect to such Defaulting Lender's L/C Exposure during the period such Defaulting Lender's L/C Exposure is cash collateralized;

(iv) if the L/C Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.3(a) and Section 3.3(a) shall be adjusted in accordance with such non-Defaulting Lenders' Revolving Percentages; and

(v) if all or any portion of such Defaulting Lender's L/C Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Lenders or any other Lender hereunder, all fees payable under Section 3.3(a) with respect to such Defaulting Lender's L/C Exposure shall be payable to the applicable Issuing Lenders until and to the extent that such L/C Exposure is reallocated and/or cash collateralized; and

(e) so long as such Lender is a Defaulting Lender, the Issuing Lenders shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding L/C Exposure will be 100% covered by the Revolving Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the applicable Borrower in accordance with Section 2.18(d), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.18(d)(i) (and such Defaulting Lender shall not participate therein). Subject to Section 10.20, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

(f) If (i) a Bankruptcy Event or a Bail-In Action with respect to a Lender Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) an Issuing Lender has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, no Issuing Lender shall be required to issue, amend or increase any Letter of Credit, unless such Issuing Lender, as the case may be, shall have entered into arrangements with the applicable Borrower or such Lender, satisfactory to such Issuing Lender, as the case may be, to defease any risk to it in respect of such Lender hereunder.

(g) In the event that the Administrative Agent, the Parent Borrower and the Issuing Lenders each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the L/C Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Commitment and on such date such Lender shall purchase at par such of the Revolving Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Revolving Loans in accordance with its Revolving Percentage.

2.19 [Reserved].

2.20 Revolving Termination Date Extension. Notwithstanding anything herein to the contrary, the Parent Borrower may, at its election by written notice to the Administrative Agent (which shall promptly notify each of the Lenders) (each such election, an "Extension Option", the date of such election, the "Extension Date") extend the Revolving Commitments and Revolving Loans (such extended Revolving Commitments, the "Extended Commitments" and such extended Revolving Loans, the "Extended Loans") for additional terms of 6 months each (the "Extended Termination Date"), subject to the following terms and conditions:

(i) there shall be no more than two (2) Extension Options exercised during the term of this Agreement;

(ii) no Default or Event of Default shall have occurred or be continuing on the date of such written notice and on the Initial Revolving Termination Date or first Extended Termination Date, as applicable, or would result from the exercise of any Extension Option;

(iii) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of the date of such written notice and on and as of such Extension Date (and after giving effect to such Extension Option) as if made on and as of such dates (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date);

(iv) the Parent Borrower shall make the request for such Extension Option not earlier than 90 days and not later than 30 days prior to the Initial Revolving Termination Date, or first Extended Termination Date, as applicable;

(v) the latest Extended Termination Date shall be no later than the Latest Termination Date; and

(vi) the Parent Borrower shall pay or cause to be paid to each Lender on each such Extension Date a fee equal to 0.10% of the amount of the then existing Revolving Commitments of such Lender.

2.21 Designation of Subsidiary Borrowers.

(a) The Parent Borrower shall be permitted, so long as no Default or Event of Default shall have occurred and be continuing:

(i) to designate any Wholly-Owned Subsidiary of the Parent Borrower that is a Domestic Subsidiary as a Subsidiary Borrower under the Revolving Facility upon (A) fifteen Business Days' prior written notice (or such shorter period as may be agreed by the Administrative Agent in its sole discretion) to the Administrative Agent (which shall promptly deliver such notice to the Lenders) (a "Notice of Designation"), which shall contain the name, primary business address and taxpayer identification number of such Subsidiary, (B) the execution and delivery by the Parent Borrower, such Subsidiary and the Administrative Agent of a Subsidiary Borrower Joinder Agreement substantially in the form of Exhibit J (a "Subsidiary Borrower Joinder Agreement"), providing for such Subsidiary to become a Subsidiary Borrower, and the consent of the Administrative Agent to such joinder, evidenced by its acknowledgement signature thereto, (C) compliance by the Parent Borrower and such Subsidiary Borrower with Section 6.10(f), (D) delivery by the Parent Borrower or such Subsidiary Borrower of all documentation and information as is reasonably requested in writing by the Lenders at least ten days prior to the anticipated effective date of such designation required under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act and (E) the delivery to the Administrative Agent of (1) corporate or other applicable resolutions, certificates of incorporation or other applicable constituent documents, officer's certificates, good standing certificates and legal opinions in respect of such Subsidiary as may be required by the Administrative Agent, in each case reasonably equivalent to comparable documents delivered on the Closing Date and (2) such other documents with respect thereto as the Administrative Agent shall reasonably request; provided that, in the case of this clause (i), prior to the date of designation of such Subsidiary Borrower, the Administrative Agent shall not have received notice from any Lender that an extension of credit to such Subsidiary shall contravene any law or regulation applicable to such Lender; and

(ii) So long as no Default or Event of Default shall have occurred and be continuing, to remove any Subsidiary as a Subsidiary Borrower upon execution and delivery by the Parent Borrower to the Administrative Agent of a written notification to such effect and repayment in full of all Loans made to such Subsidiary Borrower, cash collateralization of all L/C Obligations in respect of any Letters of Credit issued for the account of such Subsidiary Borrower and repayment in full of all other amounts owing by such Subsidiary Borrower under this Agreement and the other Loan Documents (it being agreed that any such repayment or cash collateralization shall be in accordance with the other terms of this Agreement) (a "Termination Letter"). The delivery of a Termination Letter with respect to any Subsidiary Borrower shall not terminate (x) any Obligation of such Subsidiary Borrower that remains unpaid at the time of such delivery or (y) the Obligations of the Parent Borrower with respect to any such unpaid Obligations.

(b) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender) to enter into such amendments to the Security Documents and/or such new Security Documents as are necessary or advisable, as reasonably determined by the Administrative Agent, in order to effect the provisions of Section 6.10(f).

(c) Each Subsidiary of the Parent Borrower that is or becomes a "Subsidiary Borrower" pursuant to this Section 2.21 hereby irrevocably appoints the Parent Borrower as its agent for all purposes relevant to this Agreement and each of the other Loan Documents, including (i) the giving and receipt of notices and (ii) the execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto. Any acknowledgment, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by all Borrowers, or by each Borrower acting singly, shall be valid and effective if given or taken only by the Parent Borrower, whether or not any such other Borrower joins therein. Any notice, demand, consent, acknowledgement, direction, certification or other communication delivered to the Parent Borrower in accordance with the terms of this Agreement shall be deemed to have been delivered to each Subsidiary Borrower.

SECTION 3. LETTERS OF CREDIT

3.1 L/C Commitment. (a) Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the other Revolving Lenders set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of any Borrower on any Business Day during the Revolving Commitment Period in such form as may be approved from time to time by such Issuing Lender; provided that such Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations of such Issuing Lender would exceed the L/C Commitment of such Issuing Lender then in effect, or (ii) the aggregate amount of the Available Revolving Commitments would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars and (ii) except as provided in Section 3.1(b) below, expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) If requested by a Borrower, each Issuing Lender agrees to issue one or more Letters of Credit hereunder, with expiry dates that would occur after the fifth (5^{th}) Business Day prior to the Revolving Termination Date, based upon agreement of the applicable Borrower to cash collateralize the L/C Obligations in accordance with Section 3.9. If such Borrower fails to cash collateralize the outstanding L/C Obligations in accordance with the requirements of Section 3.9, each outstanding Letter of Credit shall automatically be deemed to be drawn in full on such date and the reimbursement obligations of the such Borrower set forth in Section 3.5 shall be deemed to apply and shall be construed such that the reimbursement obligation is to provide cash collateral in accordance with the requirements of Section 3.9.

(c) The applicable Borrower shall grant to the Administrative Agent for the benefit of each Issuing Lender and the Lenders, pursuant to the Guarantee and Collateral Agreement, a security interest in all cash, deposit accounts and all balances therein and all proceeds of the foregoing as required to be deposited pursuant to Section 3.1(b) or Section 3.9. Cash collateral shall be maintained in blocked, interest bearing deposit accounts at JPMorgan Chase Bank, N.A. (or any affiliate thereof) (the "L/C Cash Collateral Account"). All interest on such cash collateral shall be paid to the applicable Borrower upon its request, provided that such interest shall first be applied to all outstanding Obligations at such time and the balance shall be distributed to such Borrower.

(d) No Issuing Lender shall at any time be obligated to issue any Letter of Credit if (i) such issuance would conflict with, or cause such Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law, (ii) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from issuing the Letter of Credit, or any law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such Issuing Lender with respect to the Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date, which such Issuing Lender in good faith deems material to it and which is not subject to indemnification obligations of the applicable Borrower hereunder or (iii) issuance of the Letter of Credit would violate one or more policies of such Issuing Lender applicable to letters of credit generally.

(e) Unless otherwise expressly agreed by the applicable Issuing Lender and the applicable Borrower when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, no Issuing Lender shall be responsible to the Borrowers, and no Issuing Lender's rights and remedies against the Borrowers shall be impaired by, any action or inaction of such Issuing Lender required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the law or any order of a jurisdiction where an Issuing Lender or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(f) In the event of any conflict between the terms hereof and the terms of any Application, the terms hereof shall control.

3.2 Procedure for Issuance of Letter of Credit. Any Borrower may from time to time request that any Issuing Lender issue a Letter of Credit by delivering to such Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender may reasonably request. Upon receipt of any Application, the relevant Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall any Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the relevant Issuing Lender and the applicable Borrower. The relevant Issuing Lender shall furnish a copy of such Letter of Credit to the relevant Borrower promptly following the issuance thereof. The relevant Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.3 Fees and Other Charges. (a) Subject to Section 2.18(d)(iii), each Borrower agrees to pay a fee on all of its outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility, shared ratably among the Revolving Lenders and payable quarterly in arrears on each Fee Payment Date after the issuance date. In addition, the applicable Borrower shall pay to the relevant Issuing Lender for its own account a fronting fee of 0.25% per annum on the undrawn and unexpired amount of each Letter of Credit issued by such Issuing Lender on its behalf, payable quarterly in arrears to the relevant Issuing Lender on each Fee Payment Date after the issuance date.

(b) In addition to the foregoing fees, the applicable Borrower agrees to pay or reimburse each Issuing Lender for such normal and customary costs and expenses as are incurred or charged by such Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4 L/C Participations. (a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce such Issuing Lender to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from such Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Percentage in such Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit for which such Issuing Lender is not reimbursed in full by the applicable Borrower in accordance with the terms of this Agreement (or in the event that any reimbursement received by such Issuing Lender shall be required to be returned by it at any time) ("Unreimbursed Amounts"), such L/C Participant shall pay to such Issuing Lender upon demand at such Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Revolving Percentage of the amount that is not so reimbursed (or is so returned). Each L/C Participant's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Participant may have against any Issuing Lender, any Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of any Borrower, (iv) any breach of this Agreement or any other Loan Document by any Borrower, any other Loan Party or any other L/C Participant or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) If any amount required to be paid by any L/C Participant to any Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by such Issuing Lender under any Letter of Credit is paid to such Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to such Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the relevant Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.4(a) is not made available to the relevant Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, such Issuing Lender shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans under the Revolving Facility. A certificate of the relevant Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after any Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.4(a), such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the applicable Borrower or otherwise, including proceeds of collateral applied thereto by such Issuing Lender), or any payment of interest on account thereof, such Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to such Issuing Lender the portion thereof previously distributed by such Issuing Lender to it.

3.5 Reimbursement Obligation of the Borrowers. If any draft is paid under any Letter of Credit, the applicable Borrower shall reimburse the relevant Issuing Lender for the amount of (a) the draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by such Issuing Lender in connection with such payment, not later than 12:00 Noon, New York City time, on (i) the Business Day that the Parent Borrower or the applicable Borrower receives notice of such draft, if such notice is received on such day prior to 10:00 A.M., New York City time, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Parent Borrower or the applicable Borrower receives such notice. Each such payment shall be made to the relevant Issuing Lender at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date of the relevant notice, Section 2.9(b) and (y) thereafter, Section 2.9(c).

3.6 Obligations Absolute. The Borrowers' obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrowers may have or have had against any Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrowers also agree with each Issuing Lender that such Issuing Lender shall not be responsible for, and the Borrowers' Obligations under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the applicable Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the applicable Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Issuing Lender. The Borrowers agree that any action taken or omitted by any Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrowers and shall not result in any liability of such Issuing Lender to any Borrower.

3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the relevant Issuing Lender shall promptly notify the Parent Borrower and/or the applicable Borrower of the date and amount thereof. The responsibility of the relevant Issuing Lender to the relevant Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.8 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

3.9 Actions in Respect of Letters of Credit.

(a) Not later than the date that is ten (10) Business Days prior to the Revolving Termination Date, or at any time after the Revolving Termination Date when the aggregate funds on deposit in the L/C Cash Collateral Account shall be less than the amounts required herein, each Borrower with any Letters of Credit then outstanding shall pay to the Administrative Agent in immediately available funds, at the Administrative Agent's office referred to in Section 10.2, for deposit in the L/C Cash Collateral Account described in Section 3.1(c), the amount required so that, after such payment, the aggregate funds on deposit in the L/C Cash Collateral Account are not less than 105% of the sum of all outstanding L/C Obligations with an expiration date beyond the Revolving Termination Date.

(b) The Administrative Agent may, from time to time after funds are deposited in any L/C Cash Collateral Account, apply funds then held in such L/C Cash Collateral Account to the payment of any amounts, in accordance with the terms herein, as shall have become or shall become due and payable by the Borrowers to the Issuing Lenders or Lenders in respect of the L/C Obligations. The Administrative Agent shall promptly give written notice of any such application; provided, however, that the failure to give such written notice shall not invalidate any such application.

3.10 Reporting. Unless otherwise requested by the Administrative Agent, each Issuing Lender shall report in writing to the Administrative Agent (i) on each Business Day, the aggregate undrawn amount of all outstanding Letters of Credit issued by it, (ii) on each Business Day on which such Issuing Lender expects to issue, amend, renew or extend any Letter of Credit, the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it on such date, and no Issuing Lender shall be permitted to issue, amend, renew or extend such Letter of Credit without first notifying the Administrative Agent as set forth herein, (iii) on each Business Day on which such Issuing Lender makes any payment pursuant to a Letter of Credit (including in respect of a time draft presented thereunder), the date of such payment and the amount of such payment and (iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request, including but not limited to prompt verification of such information as may be requested by the Administrative Agent.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, each Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Financial Condition.

(a) The audited consolidated balance sheets of Colony Capital and its Consolidated Subsidiaries as at December 31, 2013, December 31, 2014 and December 31, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Ernst & Young LLP, present fairly in all material respects the consolidated financial condition of Colony Capital and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of Colony Capital and its Consolidated Subsidiaries as at September 30, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of Colony Capital and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). The Consolidating Information for the fiscal year ending December 31, 2015 and the fiscal quarter ending September 30, 2016 presents fairly in all material respects the consolidated financial condition and the consolidated results of operations and consolidated cash flows of the Parent Borrower and its Consolidated Subsidiaries on a standalone basis for the respective fiscal year and nine-month period, respectively, then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(b) The audited consolidated balance sheets of NorthStar Realty and its Consolidated Subsidiaries as at December 31, 2013, December 31, 2014 and December 31, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Grant Thornton LLP, present fairly in all material respects the consolidated financial condition of NorthStar Realty and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of NorthStar Realty and its Consolidated Subsidiaries as at September 30, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of NorthStar Realty and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(c) The audited consolidated balance sheets of NorthStar Asset Management and its Consolidated Subsidiaries as at December 31, 2014 and December 31, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Grant Thornton LLP, present fairly in all material respects the consolidated financial condition of NorthStar Asset Management and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of NorthStar Asset Management and its Consolidated Subsidiaries as at September 30, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of NorthStar Asset Management and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(d) The Pro Forma Financial Statements, copies of which have heretofore been furnished to each Lender, have been prepared giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income). The Pro Forma Financial Statements have been prepared based on the best information available to the Parent Borrower as of the date of delivery thereof, and present fairly on a pro forma basis the estimated financial position of the Parent Borrower and its Consolidated Subsidiaries as at September 30, 2016, assuming that the events specified in the preceding sentence had actually occurred at such date.

(e) As of the Closing Date, no Group Member has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in subsections (a), (b), (c) and (d) of this Section 4.1.

4.2 No Change. Since December 31, 2015, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect; provided that, solely with respect to this Section 4.2, from the Fourth Amendment Effective Date until March 31, 2021, the impacts on the business, operations, properties, assets, liabilities or condition (financial or otherwise) of the Parent Borrower and its Subsidiaries, taken as a whole, directly related to the existing COVID-19 pandemic that have already occurred and were disclosed in writing to Lenders in the Lender Presentation distributed on June 10, 2020 will be disregarded for purposes of determining whether a Material Adverse Effect has occurred.

4.3 Existence; Compliance with Law. Each Group Member (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with its Organizational Documents and all Requirements of Law except in each case referred to in clauses (b), (c) and (d), to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of each Borrower, to obtain extensions of credit hereunder. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of each Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) consents, authorizations, filings and notices which have been obtained or made and are in full force and effect and (ii) the filings referred to in Section 4.19. Each Loan Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any Organizational Document or Contractual Obligation of any Group Member, except where any such violation could not reasonably be expected to have a Material Adverse Effect and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Parent Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6 Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Parent Borrower, threatened by or against any Group Member or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7 No Default. No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each Group Member has title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien except as permitted by Section 7.3.

4.9 Intellectual Property. Each Group Member owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. Except for such claims as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, no claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does any Borrower know of any valid basis for any such claim. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the use of Intellectual Property by each Group Member does not infringe on the rights of any Person.

4.10 Taxes. Each Group Member has timely filed or caused to be filed all Federal and state income Tax returns and any other material Tax returns that have been required to be filed (taking into account extensions) and has timely paid all such Taxes and assessments payable by it which have become due (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been established); no Liens for Taxes have been filed (other than Liens for Taxes not yet due or the amount or validity of which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained in conformity with GAAP), and, to the knowledge of the Parent Borrower, as of the date hereof, no claim is being asserted with respect to any such Tax.

4.11 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for purchasing or “carrying” any “margin stock” or to extend credit to others for the purpose of purchasing or carrying margin stock within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of Regulations T, U or X of the Board. No more than 25% of the assets of the Group Members consist of (or after applying the proceeds of the Loans will consist of) “margin stock” as so defined. If requested by any Lender or the Administrative Agent, the Borrowers will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U1, as applicable, referred to in Regulation U.

4.12 Labor Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Group Member pending or, to the knowledge of the Parent Borrower, threatened; (b) hours worked by and payment made to employees of each Group Member have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Group Member on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Group Member.

4.13 ERISA. Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (a) each Group Member and each of their respective ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans and the regulations and published interpretations thereunder; (b) no ERISA Event or Foreign Plan Event has occurred or is reasonably expected to occur; and (c) all amounts required by applicable law with respect to, or by the terms of, any retiree welfare benefit arrangement maintained by any Group Member or any ERISA Affiliate or to which any Group Member or any ERISA Affiliate has an obligation to contribute have been accrued in accordance with Accounting Standards Codification No. 715-60. Except as could not reasonably be expected to have a Material Adverse Effect, the present value of all accumulated benefit obligations under each Pension Plan did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Pension Plan allocable to such accrued benefits (determined in both cases using the applicable assumptions under Section 430 of the Code and the Treasury Regulations promulgated thereunder), and the present value of all accumulated benefit obligations of all underfunded Pension Plans did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Pension Plans (determined in both cases using the applicable assumptions under Section 430 of the Code and the Treasury Regulations promulgated thereunder).

4.14 Investment Company Act. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

4.15 Subsidiaries. As of the Closing Date, (a) except to the extent set forth on Schedule 6.16, Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party and (b) except as disclosed on Schedule 4.15, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Parent Borrower or any Subsidiary, except as created by the Loan Documents.

4.16 Use of Proceeds. The proceeds of the Revolving Loans and the Letters of Credit shall be used to finance (x) in part, the Transactions (except any Transaction Costs paid to an Affiliate of a Lender that is not a Subsidiary of such Lender, which shall not be paid with proceeds of the Revolving Loans) and (y) the investment activities, working capital needs and general corporate purposes of the Parent Borrower and its Subsidiaries.

4.17 Environmental Matters. Except as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) each Group Member is in compliance with all, and has not violated any, applicable Environmental Laws;

(b) no Group Member has received any notice of violation, alleged violation, non-compliance, liability or potential liability or request for information regarding compliance with or liability under any Environmental Laws or regarding liability with respect to Materials of Environmental Concern, nor is any Group Member aware of any of the foregoing concerning any property owned, leased or operated by any Group Member;

(c) no Group Member has used, managed, stored, handled, transported, disposed of, or arranged for the disposal of, any Materials of Environmental Concern in violation of any applicable Environmental Law, or in a manner or at any location that could give rise to liability under, any applicable Environmental Law;

(d) no litigation, investigation or proceeding of or before any Governmental Authority or arbitrator is pending or, to the knowledge of the Parent Borrower, threatened, by or against any Group Member or against or affecting any property owned, leased or operated by any Group Member, under any Environmental Law or regarding any Materials of Environmental Concern; nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding against any Group Member or against or affecting any property owned, leased or operated by any Group Member, under any Environmental Law or regarding any Materials of Environmental Concern;

(e) Materials of Environmental Concern are not present at any property owned, leased or operated by any Group Member under circumstances or conditions that could result in liability to any Group Member or interfere with the use or operation of any such property; and

(f) no Group Member has assumed or retained, by contract or operation of law, any liability under Environmental Laws or regarding Materials of Environmental Concern.

4.18 Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document, the Confidential Information Memorandum or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the date of this Agreement), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not materially misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Parent Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

4.19 Security Documents. The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Lenders, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Securities (as defined in the Guarantee and Collateral Agreement) that are certificated described in the Guarantee and Collateral Agreement, when stock certificates representing such Securities are delivered to the Administrative Agent (together with a properly completed and signed stock power or endorsement), and in the case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements and other filings specified on Schedule 4.19 in appropriate form are filed in the offices specified on Schedule 4.19 and the other actions specified on Schedule 4.19 shall have been taken, the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except Liens permitted by Section 7.3(a), (h) and (n)).

4.20 Solvency. On the Closing Date, after giving effect to the transactions contemplated hereby (including the borrowing of Revolving Loans and the issuance of Letters of Credit, if any), the Loan Parties, on a consolidated basis, are Solvent.

4.21 Senior Indebtedness. The Obligations constitute "Senior Indebtedness" of the Borrowers. The obligations of each Subsidiary Guarantor under the Guarantee and Collateral Agreement constitute "Guarantor Senior Indebtedness" of such Subsidiary Guarantor.

4.22 Insurance. The properties of the Parent Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Parent Borrower, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Parent Borrower or the applicable Subsidiary operates.

4.23 Anti-Corruption Laws and Sanctions. The Parent Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Parent Borrower, its Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrowers and their Affiliates and, to the knowledge of the Borrowers, their respective officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in any Borrower being designated as a Sanctioned Person. None of (a) the Parent Borrower, any Subsidiary Borrower, any Affiliate of the foregoing or any of their respective directors, officers or employees, or (b) to the knowledge of any Borrower, any agent of any Borrower or any Affiliate thereof that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

4.24 Stock Exchange Listing. The shares of common Capital Stock of the ~~REIT~~Listed Entity are listed on the New York Stock Exchange.

4.25 REIT Status. ~~The REIT~~At all times prior to the calendar year in respect of which a REIT Status Termination Date occurs, the Listed Entity has been organized and has ~~operated~~been operating in conformity with the requirements for qualification and taxation as a REIT under the Code and all applicable regulations under the Code for each of its taxable years beginning with its taxable year ended December 31, 2009.

4.26 ~~EEA~~Affected Financial Institutions. No Loan Party is an ~~EEA~~Affected Financial Institution.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions to Initial Extension of Credit. This Agreement shall become effective on and as of the first date on which all of the following conditions precedent (except to the extent set forth on Schedule 6.16) shall have been satisfied (or waived in accordance with Section 10.1):

(a) Credit Agreement; Guarantee and Collateral Agreement. The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Administrative Agent, the Parent Borrower and each Person listed on Schedule 1.1A and (ii) a guarantee and collateral acknowledgment in the form attached hereto as Exhibit I with respect to the guarantees and Liens created under the Loan Documents, executed and delivered by each Loan Party.

(b) Closing Date Payments and Reallocation.

(i) The Parent Borrower shall have paid to the Administrative Agent all interest, letter of credit fees and commitment fees which are unpaid and accrued to the Closing Date under the Existing Credit Agreement; and

(ii) The payments required pursuant to Section 10.22(b) shall have been made.

(c) Financial Statements. The Lenders shall have received:

(i) (A) audited consolidated financial statements of the Parent Borrower and its Consolidated Subsidiaries for the 2013, 2014 and 2015 fiscal years; provided that the Parent Borrower may satisfy its obligations with respect to financial information relating to the Parent Borrower described above by furnishing financial information relating to Colony Capital; provided further that, with respect to the financial statements for the 2015 fiscal year, (x) the same is accompanied by Consolidating Information and (y) the Consolidating Information shall be certified by a Responsible Officer of the Parent Borrower as presenting fairly in all material respects the financial condition and results of operations of the Parent Borrower and its Consolidated Subsidiaries on a standalone basis; (B) audited consolidated financial statements of

NorthStar Realty and its Consolidated Subsidiaries for the 2013, 2014 and 2015 fiscal years and (C) audited financial statements of NorthStar Asset Management and its Consolidated Subsidiaries for the 2014 and 2015 fiscal years;

(ii) unaudited financial statements of each of the Parent Borrower, NorthStar Realty and NorthStar Asset Management and each of their respective Consolidated Subsidiaries, for the fiscal quarters ended March 31, 2016, June 30, 2016 and September 30, 2016; and

(iii) a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Parent Borrower and its Subsidiaries as of and for the nine-month period ending on September 30, 2016, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income) (the "Pro Forma Financial Statements") and (ii) such other "roll forward" pro forma financial information as the Administrative Agent may reasonably request with respect to subsequent fiscal periods.

(d) Approvals. All governmental and third party approvals necessary in connection with the continuing operations of the Group Members and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the financing contemplated hereby.

(e) Lien Searches. The Administrative Agent shall have received the results of a recent Lien search with respect to each Loan Party, and such search shall reveal no Liens on any of the assets of the Loan Parties except for Liens permitted by Section 7.3 or discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Administrative Agent.

(f) Fees. The Administrative Agent shall have received all fees required to be paid to the Arrangers and the Lenders, and all expenses for which invoices have been presented (including the reasonable and documented out-of-pocket fees and expenses of legal counsel), on or before the Closing Date. Such amounts may be paid with proceeds of Revolving Loans made on the Closing Date and, if so, will be reflected in the funding instructions given by the Parent Borrower to the Administrative Agent on or before the Closing Date.

(g) Closing Certificate; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments, including the certificate of incorporation or certificate of formation, as applicable, of each Loan Party certified by the relevant authority of the jurisdiction of organization of such Loan Party or confirmation that such certificate of incorporation or certificate of formation most recently delivered in connection with the Existing Credit Agreement has not been amended, modified or terminated and remains in full force and effect, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization.

(h) Legal Opinions. The Administrative Agent shall have received the legal opinion of each of (i) Hogan Lovells LLP, counsel to the Parent Borrower and its Subsidiaries and (ii) Morris, Nichols, Arsht & Tunnell LLP, special Delaware counsel to the Colony Mortgage Capital Loan Parties. Such legal opinions shall cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(i) Pledged Stock; Stock Powers. The Administrative Agent shall have received the certificates (if any) representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(j) Filings, Registrations and Recordings. Subject to the provisions of Section 6.10(d), each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 7.3), shall be in proper form for filing, registration or recordation.

(k) Certificates.

(i) a certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required.

(ii) a Compliance Certificate executed by a Responsible Officer of the Parent Borrower, giving pro forma effect to the effectiveness of this Agreement.

(iii) a certificate signed by a Responsible Officer of the Parent Borrower (x) certifying (A) that the conditions specified in this Section 5 have been satisfied (other than with respect to the satisfaction of the Administrative Agent or any Lender) and (B) that, since December 31, 2015, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect on (1) the business, assets, financial condition or results of operations of (a) the Parent Borrower or (b) the Parent Borrower, its Subsidiaries and any of the entities in which they have invested directly or indirectly, taken as a whole or (2) the facts and information, taken as a whole, regarding any such entities as heretofore disclosed to the Administrative Agent and the Lenders and (y) certifying that the Parent Borrower has delivered true and correct copies of the operating agreements, partnership agreements or other applicable organizational documents of each Affiliated Investor in which all or a portion of its Capital Stock are owned directly by a Loan Party.

(iv) a certificate signed by a Responsible Officer of the Parent Borrower setting forth (A) a reasonably detailed pro forma calculation of the Maximum Permitted Outstanding Amount as of the Closing Date after giving effect to the Transactions and (B) a reasonably detailed pro forma calculation of the financial ratios and metrics set forth in Section 7.1 giving effect to the Transactions (but, for the avoidance of doubt with respect to this clause (B), subject to compliance with Section 5.1(n) below, there shall be no requirement that such calculations evidence compliance with any ratio or metric as a condition to the Closing Date).

(l) Solvency. The Administrative Agent shall have received a certificate from the chief financial officer or treasurer of the Parent Borrower, in form and substance reasonably acceptable to the Administrative Agent certifying that the Parent Borrower and its Subsidiaries, on a consolidated basis after giving effect to this Agreement, the transactions contemplated hereby (including the borrowing of Revolving Loans, if any) and the Transactions are Solvent as of the Closing Date.

(m) KYC Information. The Lenders shall have received, to the extent requested by the Administrative Agent in writing at least ten (10) days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, in each case at least five (5) days prior to the Closing Date.

(n) Representations and Warranties; No Default. The conditions set forth in Section 5.2(a) and (b) shall have been satisfied.

(o) Insurance. The Administrative Agent shall have received evidence of insurance required to be maintained pursuant to the Loan Documents.

(p) Merger. The Merger shall be consummated pursuant to the Merger Agreement (including the consummation of the Reorganization) substantially concurrently with the Closing Date.

(q) Closing Date Material Adverse Effect. (i) Since the date of the Merger Agreement, no Material Adverse Effect (as defined in the Merger Agreement) with respect to NorthStar Asset Management shall have occurred and (ii) since the date of the Merger Agreement, no Material Adverse Effect (as defined in the Merger Agreement) with respect to NorthStar Realty shall have occurred.

(r) Termination of Commitments. The commitments under that certain Commitment Letter, dated as of June 2, 2016, by and among the Parent Borrower, JPMorgan Chase Bank, N.A., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other parties party thereto shall be terminated in full.

For the purpose of determining compliance with the conditions specified in this Section 5.1, each Lender that has signed this Agreement shall be deemed to have accepted, and to be satisfied with, each document or other matter required under this Section 5.1 unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

5.2 Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit) is subject to the satisfaction (or waiver in accordance with Section 10.1) of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of such date as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) No Bridge Loans. No Indebtedness incurred pursuant to Section 7.2(h) shall remain outstanding.

Each borrowing by and issuance of a Letter of Credit on behalf of a Borrower hereunder shall constitute a representation and warranty by such Borrower (and, if such Borrower is a Subsidiary Borrower, by the

Parent Borrower) as of the date of such extension of credit that the conditions contained in this Section 5.2 have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

Each Borrower hereby agrees that, until Payment in Full, the Parent Borrower shall and shall cause each of its respective Subsidiaries to:

6.1 Financial Statements. Furnish to the Administrative Agent for distribution to each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Parent Borrower, a copy of the audited consolidated balance sheet of the Parent Borrower and its Consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit (except for any going concern exception or explanatory paragraph that is expressly solely with respect to, or expressly resulting solely from, the upcoming Revolving Termination Date occurring within one year from the time such report is delivered), by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Parent Borrower, the unaudited consolidated balance sheet of the Parent Borrower and its Consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer of the Parent Borrower as presenting fairly in all material respects the financial condition and results of operations of the Parent Borrower and its Consolidated Subsidiaries (subject to normal year-end audit adjustments and the lack of footnotes); and

(c) as soon as available, but in any event not later than March 31, 2017, a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Parent Borrower and its Consolidated Subsidiaries as of and for the twelve-month period ending on the last day of the four-fiscal quarter period ended on December 31, 2016, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of the balance sheet) or at the beginning of such period (in the case of the statement of income).

All such financial statements shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein) consistently throughout the periods reflected therein and with prior periods.

Notwithstanding the foregoing, the Parent Borrower will be permitted to satisfy its obligations with respect to financial information relating to the Parent Borrower described in clauses (a) and (b) above by furnishing financial information relating to the ~~REIT~~Listed Entity; provided that (i) the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to the ~~REIT~~Listed Entity and its Consolidated Subsidiaries, on the one hand, and the information relating to the Parent Borrower and its Consolidated Subsidiaries on a standalone basis, on the other hand, with respect to the consolidated balance sheet and income statement (“Consolidating Information”) and (ii) the Consolidating Information shall be certified by a Responsible Officer of the

Parent Borrower as presenting fairly in all material respects the financial condition and results of operations of the Parent Borrower and its Consolidated Subsidiaries on a standalone basis.

6.2 Certificates; Other Information. Furnish to the Administrative Agent for distribution to each Lender (or, in the case of clause (g), to the relevant Lender):

(a) as soon as available, but in any event not later than 90 days after the end of each fiscal year of the Parent Borrower, to the extent consistent with the policy of the independent certified public accountants reporting on the financial statements referred to in Section 6.1(a), a certificate of such independent certified public accountants stating that in making the examination necessary therefor no knowledge was obtained of any Event of Default pursuant to Section 7.1, except as specified in such certificate;

(b) as soon as available, but in any event not later than 90 days after the end of each fiscal year of the Parent Borrower and 45 days after the end of each of the first three quarterly periods of each fiscal year of the Parent Borrower, (i) a certificate of a Responsible Officer of the Parent Borrower stating that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and (ii) (x) a Compliance Certificate containing calculations necessary for determining compliance by each Group Member with the provisions of Section 7.1 as of the last day of the fiscal quarter or fiscal year of the Parent Borrower, as the case may be and (y) to the extent not previously disclosed to the Administrative Agent, (1) a description of any change in the jurisdiction of organization of any Loan Party, (2) a list of any Capital Stock acquired by any Loan Party (or a structure chart depicting such Capital Stock), (3) a description of any Person that has become a Wholly-Owned Subsidiary of the Parent Borrower that is a Domestic Subsidiary (other than an Excluded Subsidiary) (or a structure chart depicting such Persons) and (4) a description of any Person that has become an Excluded Subsidiary of the type described in clause (ii) of the definition of "Excluded Subsidiary", in each case since the date of the most recent report delivered pursuant to this clause (y) (or, in the case of the first such report so delivered, since the Closing Date);

(c) as soon as available, but in any event no later than 90 days after the end of each fiscal year of the Parent Borrower, a detailed consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Parent Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow and projected income and a description of the underlying assumptions applicable thereto) (collectively, the "Projections"), which Projections shall in each case be accompanied by a certificate of a Responsible Officer of the Parent Borrower stating that such Projections are prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being recognized that such Projections are not to be viewed as facts and that actual results during the period or periods covered by any such Projections may differ from the projected results, and such differences may be material);

(d) as soon as available, but in any event no later than 90 days after the end of each fiscal year of the Parent Borrower and 45 days after the end of each of the first three quarterly periods of each fiscal year of the Parent Borrower, a certificate of a Responsible Officer of the Parent Borrower setting forth a reasonably detailed calculation of the Maximum Permitted Outstanding Amount on the last date of the relevant period covered by the financial statements for such fiscal period (including (i) a list of each Investment Asset owned by any Colony Fund and the pro rata share of such Investment Asset that is attributable to the applicable Loan Party or Affiliated Investor's limited partnership interest, limited liability company membership interest or other similar equity interest in such Colony Fund as determined in accordance with clause (xiii) of the proviso to the definition of "Maximum Permitted Outstanding Amount" and (ii) operating results of the investment management segment which details the components of Fee-Related Earnings and any other information necessary to determine Fee-Related Earnings);

provided that in the event that the Total Revolving Extensions of Credit outstanding at any time exceeds 90% of the Maximum Permitted Outstanding Amount at such time, the Parent Borrower shall provide such certificates to the Administrative Agent on demand;

(e) promptly after the same are sent, copies of all financial statements and reports that the Parent Borrower sends to the holders of any class of its debt securities or public equity securities and, promptly after the same are filed, copies of all financial statements and reports that the Parent Borrower may make to, or file with, the SEC;

(f) promptly following receipt thereof, copies of (i) any documents described in Section 101(k) or 101(l) of ERISA that any Group Member or any ERISA Affiliate may request with respect to any Multiemployer Plan or any plan funding notice described in Section 101(f) of ERISA with respect to any Pension Plan or any Multiemployer Plan provided to or received by any Group Member or any ERISA Affiliate; provided, that if the relevant Group Members or ERISA Affiliates have not received or requested, as applicable, such documents or notices from the administrator or sponsor of the applicable Multiemployer Plans, then, upon reasonable request of the Administrative Agent, such Group Member or the ERISA Affiliate shall promptly make a request for such documents or notices from such administrator or sponsor and the Parent Borrower shall provide copies of such documents and notices to the Administrative Agent promptly after receipt thereof; and

(g) promptly, such additional financial and other information (including, for the avoidance of doubt, asset-level data) as the Administrative Agent or any Lender may from time to time reasonably request; provided that in no event shall the Parent Borrower or any Subsidiary be required to disclose information (x) to the extent that such disclosure to the Administrative Agent or such Lender violates any bona fide contractual confidentiality obligations by which it is bound, so long as (i) such obligations were not entered into in contemplation of this Agreement or any other Loan Document, and (ii) such obligations are owed by it to a third party, or (y) if such information is subject to attorney-client privilege and as to which the Parent Borrower or the applicable Subsidiary has been advised by counsel that the provision of such information to the Administrative Agent or such Lender would give rise to a waiver of such attorney-client privilege.

Information required to be delivered pursuant to Section 6.1 and clause (e) of this Section 6.2 shall be deemed to have been delivered if such information, or one or more annual or quarterly reports containing such information, shall be available on the website of the Parent Borrower or the ~~REIT~~Listed Entity or the SEC at http://www.sec.gov.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations in respect of Tax liabilities and other governmental charges, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member.

6.4 Maintenance of Existence; Compliance. (a)(i) Preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of this clause (ii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. The Parent Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Parent

Borrower, its Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.5 Maintenance of Property; Insurance. (a) Except as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account (in which full, true and correct entries shall be made of all material financial transactions and matters involving the assets and business of the Parent Borrower and its Subsidiaries) in a manner that permits the preparation of financial statements in conformity with GAAP and all Requirements of Law and (b) permit representatives of the Administrative Agent or any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time during normal business hours and as often as may reasonably be desired, upon reasonable advance notice to the Parent Borrower and to discuss the business, operations, properties and financial and other condition of the Group Members with officers and employees of the Group Members and with their independent certified public accountants; provided, however, that so long as no Event of Default exists, the Administrative Agent on behalf of the Lenders shall be permitted to make only one (1) such visit per fiscal year at the expense of the Parent Borrower.

6.7 Notices. Promptly upon a Responsible Officer of the Parent Borrower becoming aware of the occurrence of any of the following events, give notice to the Administrative Agent for distribution to the Lenders:

(a) of the occurrence of any Default or Event of Default;

(b) of any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding that may exist at any time between any Group Member and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) of any litigation or proceeding affecting any Group Member (i) which could reasonably be expected to have a Material Adverse Effect and is not covered by insurance, (ii) in which injunctive or similar relief is sought or (iii) which relates to any Loan Document;

(d) of the occurrence of any ERISA Event or Foreign Plan Event that, alone or together with any other ERISA Events and/or Foreign Plan Events that have occurred, could reasonably be expected to have a Material Adverse Effect;

(e) if at any time the Total Revolving Extensions of Credit outstanding exceeds 90% of the Maximum Permitted Outstanding Amount;

(f) of any Trigger Event;

(g) of any development or event that has had or could reasonably be expected to have a Material Adverse Effect; and

(h) of any Subsidiary Guarantor being a Specified Subsidiary.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer of the Parent Borrower setting forth details of the occurrence referred to therein and stating what action the relevant Group Member proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws to continue activities as currently conducted; and

(b) Generate, use, treat, store, release, transport, dispose of, and otherwise manage all Materials of Environmental Concern in a manner that does not result in liability to any Group Member and does not impair the use of any property owned, leased or operated by any Group Member, and take reasonable efforts to prevent any other Person from generating, using, treating, storing, releasing, transporting, disposing of, or otherwise managing Materials of Environmental Concern in a manner that could result in a liability to, or impair the use of any real property owned, leased or operated by, any Group Member;

it being understood that this Section 6.8 shall be deemed not breached by a noncompliance with any of the foregoing (a) or (b) provided that such non-compliance, in the aggregate with any other such non-compliance, could not reasonably be expected to have a Material Adverse Effect.

6.9 Maintenance of REIT Status; New York Stock Exchange Listing. ~~The REIT~~Prior to the calendar year in respect of which a REIT Status Termination Date occurs, the Listed Entity will at all times maintain its status as a REIT in compliance with the Code and all applicable regulations under the Code. The ~~REIT~~Listed Entity will ~~also~~ at all times be listed on the New York Stock Exchange.

6.10 Additional Collateral, etc. (a) With respect to any property acquired after the Closing Date by any Loan Party that is property of the type which would otherwise constitute Collateral subject to the Lien created by any of the Security Documents but is not yet so subject (including, without limitation, (x) all Capital Stock held by any Loan Party in any newly formed or acquired Subsidiary of the Parent Borrower and (y) all Capital Stock held by any Loan Party in any Affiliated Investor) (collectively, the "After-Acquired Property"), promptly but in any event within 60 days after the end of the fiscal year during which such property was acquired (or by such later date as the Administrative Agent may agree in its sole discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or reasonably requested to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including (A) the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (B) the delivery of the certificates (if any) representing any such Capital Stock acquired (together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of the holder(s) of such Capital Stock); provided that to extent that the documents described in clause (i) of this clause (a) have not been executed and delivered or the actions described in clause (ii) of this clause (a) have not been taken, in each case, with respect to any After-Acquired Property with an aggregate value in excess of 5.0% of the Total Asset Value at any time, the Parent Borrower shall cause the requirements set forth in clauses (i) and (ii) of this clause (a) to be met within 60 days after the end of the fiscal quarter during which such limit was exceeded to the extent necessary to eliminate such excess.

(b) With respect to any new Wholly-Owned Subsidiary of the Parent Borrower that is a Domestic Subsidiary (other than an Excluded Subsidiary or an Excluded Foreign Subsidiary) created or acquired after the Closing Date by any Group Member (which, for the purposes of this paragraph (b), shall include any existing Subsidiary that ceases to be an Excluded Subsidiary or Excluded Foreign Subsidiary) (collectively, the "New Subsidiaries"), promptly but in any event within 60 days after the end of the fiscal year during which such New Subsidiary was created or acquired (or by such later date as the Administrative Agent may agree in its sole discretion), (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such New Subsidiary that is owned by any Loan Party, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such New Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and (B) to take such actions necessary or reasonably requested to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such New Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be reasonably requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such New Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent; provided that to extent that such New Subsidiaries that have not yet executed and delivered the documents and taken the actions described in clauses (i) through (iv) of this clause (b) have assets with an aggregate value in excess of 5.0% of the Total Asset Value at any time, the Parent Borrower shall cause such New Subsidiaries to comply with clauses (i) through (iv) of this clause (b) within 60 days after the end of the fiscal quarter during which such limit was exceeded to the extent necessary to eliminate such excess.

(c) With respect to any new Excluded Foreign Subsidiary created or acquired after the Closing Date directly by any Loan Party, promptly but in any event within 60 days after the end of the fiscal year during which such New Excluded Foreign Subsidiary was created or acquired (or by such later date as the Administrative Agent may agree in its sole discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by any Loan Party (provided that in no event shall more than 66% of the total outstanding voting Capital Stock, as determined for U.S. federal income tax purposes, of any such new Subsidiary be required to be so pledged), and (ii) deliver to the Administrative Agent the certificates (if any) representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, and take such other action as may be necessary or reasonably requested by the Administrative Agent to perfect the Administrative Agent's security interest therein and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. Notwithstanding the foregoing or any other provision of the Loan Documents, the Loan Parties shall not be required to undertake such perfection actions in any jurisdictions outside the United States.

(d) Notwithstanding the foregoing, each Other Merger Party and each of their Subsidiaries that are Wholly-Owned Subsidiaries and Domestic Subsidiaries of the Parent Borrower after giving effect to the Transactions (other than an Excluded Subsidiary, an Excluded Foreign Subsidiary or an Other Merger Party Excluded Subsidiary) (collectively, the "Merger Loan Parties") shall promptly but in any event within sixty (60) days after the Closing Date (or by such later date as the Administrative Agent may agree in its sole discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such Merger Loan Party that is owned by any Loan Party, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such Merger Loan Party (A) to become a party to the Guarantee and Collateral Agreement and (B) to take such actions necessary or reasonably requested to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such Merger Loan Party, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be reasonably requested by the Administrative Agent; (provided, that, the Administrative Agent may agree, in its sole discretion, to permit any Merger Loan Party an additional amount of time following its joinder to the Guarantee and Collateral Agreement to comply with any Control Agreement requirements set forth therein (the date by which any such compliance shall be required, the "Merger Party Compliance Date" with respect to such Merger Loan Party) and (C) to deliver to the Administrative Agent a certificate of such Merger Loan Party, substantially in the form of Exhibit C, with appropriate insertions and attachments and (iv) deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. For the avoidance of doubt, in no event shall any Other Merger Party Excluded Subsidiary or its assets contribute to the Maximum Permitted Outstanding Amount.

(e) Notwithstanding anything set forth herein or any of the other Loan Documents, with respect to any Collateral that is not included in the calculation of the Maximum Permitted Outstanding Amount, the Loan Parties shall not be required to obtain third party acknowledgements, agreements or consents in support of the creation, perfection or enforcement of security interests in such Collateral. In addition, the requirements of this Section 6.10 shall not apply to (i) any assets or Subsidiaries created or acquired after the Closing Date, as applicable, as to which the Administrative Agent has reasonably determined, and has advised the Parent Borrower, that such requirements need not be satisfied because, *inter alia*, the collateral value thereof is insufficient to justify the difficulty, time and/or expense of obtaining a perfected security interest therein or (ii) require the pledge of any Qualified Non-Pledged Asset or other Investment Asset that would otherwise constitute Excluded Collateral (as defined in the Guarantee and Collateral Agreement).

(f) Notwithstanding anything to the contrary set forth in this Agreement, each Subsidiary Borrower and any other applicable Loan Party shall, on the date such Subsidiary becomes a Subsidiary Borrower under this Agreement, (A) execute and deliver to the Administrative Agent such amendments to such Security Documents (or such additional Security Documents) as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such Subsidiary Borrower, (B) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the Parent Company or such other Loan Party, as the case may be, and take such other action as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent's security interest therein, (C) execute and deliver to the Administrative Agent such amendments to such Security Documents (or such additional Security Documents and guarantee documents) as the Administrative Agent deems necessary or advisable for such Subsidiary Borrower to become a party to each applicable Security Document and guarantee document in its capacity as a Subsidiary Borrower, (D) execute and deliver such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property of such Subsidiary Borrower that is of the type included in the Collateral and (E) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected security interest in such property having the highest priority then available, including the filing of Uniform Commercial Code financing statements (or equivalent documents under local law) in such jurisdictions as may be required by the Security Documents or by law or as may be reasonably requested by the Administrative Agent.

6.11 Use of Proceeds. The proceeds of the Loans shall be used to finance (x) in part, the Transactions (except any Transaction Costs paid to an Affiliate of a Lender that is not a Subsidiary of such Lender, which shall not be paid with proceeds of the Revolving Loans) and (y) the investment activities, working capital needs and general corporate purposes of the Parent Borrower and its Subsidiaries.

6.12 Information Regarding Collateral. The Parent Borrower shall provide prompt (but in any event within ten (10) days of any such change) written notice to the Administrative Agent of any change (i) in any Loan Party's legal name, (ii) in the location of any Loan Party's chief executive office, (iii) in any Loan Party's identity or type of organization, (iv) in any Loan Party's Federal Taxpayer Identification Number (or equivalent thereof), or (v) in any Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), in each case, clearly describing such change and providing such other information in connection therewith as the Administrative Agent may reasonably request. Prior to effecting any such change, the Parent Borrower shall have taken (or will take on a timely basis) all action required to maintain the perfection and priority of the security interest of the Administrative Agent in the Collateral, if applicable. The Parent Borrower agrees to promptly provide the Administrative Agent with certified organization documents reflecting any of the changes described in the preceding sentence, to the extent applicable.

6.13 Organization Documents of Affiliated Investors. The Parent Borrower shall provide the Administrative Agent with a copy of the organization documents of each Affiliated Investor promptly upon request by the Administrative Agent.

6.14 Distribution Accounts. (a) The Parent Borrower shall irrevocably instruct each Affiliated Investor that directly or indirectly owns an Investment Asset or receives any Fee-Related Earnings, to make any and all Distributions from such Affiliated Investor that are payable to any Loan Party into one or more deposit accounts or securities accounts, as applicable, that is subject to a Control Agreement and maintained by such Loan Party at JPMorgan Chase Bank, N.A. or an Affiliate thereof or any other depositary bank or securities intermediary, as applicable, reasonably acceptable to the Administrative Agent (each such deposit account and securities account, a "Distribution Account"). In addition, the Parent Borrower shall irrevocably instruct each Affiliated Investor that directly or indirectly receives any Fee-Related Earnings from a Colony Fund to distribute such Fee-Related Earnings to a Loan Party, which Distribution of such Fee-Related Earnings shall be deposited directly into the Distribution Account of such Loan Party in accordance with the foregoing sentence. If, despite such instructions, any Distribution is received by a Loan Party in contravention of the prior sentences, such Loan Party shall receive such Distribution in trust for the benefit of the Administrative Agent, and the Parent Borrower shall cause such Loan Party to segregate such Distribution from all other funds of such Loan Party and shall within two (2) Business Days following receipt thereof cause such Distribution to be deposited into a Distribution Account. Notwithstanding the foregoing, the Merger Loan Parties shall have until the

Merger Party Compliance Date to comply with this Section 6.14(a) (it being understood, for the avoidance of doubt, that no Fee-Related Earnings of any such Merger Loan Party shall contribute to the Maximum Permitted Outstanding Amount during such period).

(b) Each Borrower and each Subsidiary Guarantor that directly or indirectly owns and holds any Investment Asset or directly or indirectly receives any Fee-Related Earnings from a Colony Fund shall promptly (and in any event within two (2) Business Days) deposit any and all payments and other amounts received by such Borrower or such Subsidiary Guarantor (i) relating to such Investment Asset or received by any Affiliated Investor that, directly or indirectly, owns such Investment Asset (including, without limitation, all payments of principal, interest, fees, indemnities or premiums in respect of such Investment Asset, and all proceeds from the sale or other disposition of, or from any exercise of any rights or remedies with respect to, such Investment Asset) or (ii) constituting Fee-Related Earnings into a Distribution Account; provided, that, the Merger Loan Parties shall have until the Merger Party Compliance Date to comply with this Section 6.14(b) (it being understood, for the avoidance of doubt, that no Fee-Related Earnings of any such Merger Loan Party shall contribute to the Maximum Permitted Outstanding Amount during such period).

(c) Notwithstanding the foregoing, the Parent Borrower and each other Loan Party shall have the right (i) to access and make withdrawals from its Distribution Account at any time unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have blocked access to such Distribution Account and (ii) in the case that an Event of Default shall have occurred and be continuing and the Administrative Agent shall have blocked access to such Distribution Account, to access and make withdrawals from its Distribution Account as necessary to make the distributions contemplated by Section 7.6(e) so long as no Event of Default has occurred pursuant to Section 8(a) or 8(f).

6.15 Valuation. The Parent Borrower shall determine the Adjusted Net Book Value of each Investment Asset included in the Maximum Permitted Outstanding Amount on a quarterly basis, consistent with the Parent Borrower's valuation policy as of the Closing Date.

6.16 Post-Closing Obligations. As promptly as practicable, and in any event within the applicable time period set forth in Schedule 6.16 (or by such later date as the Administrative Agent may agree in its sole discretion), the Parent Borrower and each other Loan Party will deliver or cause to be delivered to the Administrative Agent all documents and take all actions set forth on Schedule 6.16. For the avoidance of doubt, to the extent any Loan Document requires delivery of any such document or completion of any such action prior to the date specified with respect thereto on Schedule 6.16, such delivery may be made or such action may be taken at any time prior to the time specified on Schedule 6.16. To the extent any representation and warranty would not be true or any provision of any covenant would otherwise be breached solely due to a failure to comply with any such requirement prior to the date specified on Schedule 6.16, the respective representation and warranty shall be required to be true and correct (or the respective covenant complied with) with respect to such action only at the time such action is taken (or was required to be taken) in accordance with this Section 6.16.

SECTION 7. NEGATIVE COVENANTS

The Parent Borrower hereby agrees that, until Payment in Full, the Parent Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio of the Parent Borrower at any time to exceed 0.65 to 1.00.

(b) Minimum Interest Coverage Ratio. Permit the Interest Coverage Ratio for any quarter to be less than 3.00 to 1.00.

(c) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio for any period of four consecutive fiscal quarters of the Parent Borrower to be less than 1.30 to 1.00.

(d) Consolidated Tangible Net Worth. Permit Consolidated Tangible Net Worth at any time to be less than the sum of (i) $1,740,000,000 and (ii) 50% of the Net Cash Proceeds received by the Parent Borrower (x) from any offering by the Parent Borrower of its common equity and (y) from any offering by the ~~REIT~~Listed Entity of its common equity, in each case, after the Fourth Amendment Effective Date, to the extent such Net Cash Proceeds are contributed to the Parent Borrower, excluding any such Net Cash Proceeds that are contributed to the Parent Borrower within 90 days of receipt of such Net Cash Proceeds and applied to purchase, redeem or otherwise acquire Capital Stock issued by the Parent Borrower (or any direct or indirect parent thereof).

(e) Maximum Permitted Outstanding Amount. Permit the Total Revolving Extensions of Credit at any time to exceed the Maximum Permitted Outstanding Amount at such time.

For the avoidance of doubt, on and after the Closing Date, calculations made pursuant to this Section 7.1 shall be calculated on a pro forma basis after giving effect to the Transactions; provided, that calculations to be made over an applicable test period shall be calculated as if the Transactions had occurred on the first day of the applicable test period; provided, further, that calculations to be made as of a given date shall be calculated as if the Transactions had occurred as of such date.

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Loan Party pursuant to any Loan Document;

(b) Indebtedness of (i) the Parent Borrower to any Subsidiary, (ii) any Subsidiary Guarantor to the Parent Borrower or any other Subsidiary and (iii) to the extent constituting an Investment permitted by Section 7.7, any Subsidiary to the Parent Borrower or any other Subsidiary;

(c) Guarantee Obligations by the Parent Borrower or any of its Subsidiaries of obligations of any Subsidiary to the extent constituting an Investment permitted by Section 7.7 (other than pursuant to Section 7.7(c)); provided however, that in the case of a Guarantee Obligation by an Unconsolidated Subsidiary of obligations of any person that is not an Unconsolidated Subsidiary, such Guarantee Obligation shall be included in the calculation of Consolidated Total Debt hereunder; provided further that, to the extent the primary obligations (as defined in the definition of Guarantee Obligations) in respect of such Guarantee Obligations are subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, any such Guarantee Obligations shall be subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, on terms no less favorable to the Administrative Agent and the Lenders than the subordination terms applicable to the primary obligations;

(d) Indebtedness outstanding on the date hereof and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or extensions thereof (without shortening the maturity thereof, or increasing the principal amount thereof, except by an amount up to the unpaid accrued interest and premium thereon plus other amounts owing or paid related to such existing Indebtedness, and fees and expenses incurred, in connection with such refinancing, refunding, renewal or extension); provided that, to the extent such Indebtedness listed on Schedule 7.2(d) is subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, any such refinancings, refundings, renewals or extensions shall be subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, on terms no less favorable to the Administrative Agent and the Lenders;

(e) Indebtedness (including, without limitation, Capital Lease Obligations and Indebtedness incurred to finance the acquisition, construction or development of any fixed or capital assets (except to the extent incurred with respect to any Investment Asset)) secured by Liens permitted by Section 7.3(g) in an aggregate principal amount not to exceed $50,000,000 at any one time outstanding;

(f) Non-Recourse Indebtedness (including any Subscription Line Indebtedness that constitutes Non-Recourse Indebtedness) of Subsidiaries that are not Loan Parties and any Non-Recourse Pledge; provided that after giving pro forma effect to the incurrence of such Non-Recourse Indebtedness or Non-Recourse Pledge, as applicable, the Parent Borrower shall be in compliance with Section 7.1;

(g) unsecured Indebtedness of the Parent Borrower or any other Loan Party; provided that (i) such unsecured Indebtedness shall mature no earlier than the date that is 91 days following the Latest Termination Date (and shall not require any payment of principal prior to such date other than any provision requiring a mandatory prepayment or an offer to purchase such Indebtedness as a result of a change of control, asset sale, casualty event or de-listing of common stock) and (ii) after giving pro forma effect to the incurrence of such unsecured Indebtedness, the Parent Borrower shall be in compliance with Section 7.1(a);

(h) unsecured Indebtedness of the Parent Borrower or any other Loan Party not otherwise permitted hereunder; provided that (i) at the time such Indebtedness is incurred and during the period such Indebtedness continues to remain outstanding, there are no Revolving Extensions of Credit outstanding (provided that, if there are Revolving Extensions of Credit outstanding immediately prior to the time such Indebtedness is incurred, such Loans shall be paid in full and any outstanding Letters of Credit shall have been cash collateralized in accordance with the procedures set forth in Section 8.1, in each case prior to or simultaneously with the incurrence of such Indebtedness), (ii) no Default shall have occurred or be continuing or would result therefrom and (iii) such Indebtedness shall not have a maturity date that is later than two (2) years after the initial incurrence thereof;

(i) Specified GAAP Reportable B Loan Transactions; provided that after giving pro forma effect to the incurrence of such Specified GAAP Reportable B Loan Transactions, no Default shall have occurred or be continuing or would result therefrom;

(j) Permitted Warehouse Indebtedness; provided that after giving pro forma effect to the incurrence of such Permitted Warehouse Indebtedness, no Default shall have occurred or be continuing or would result therefrom;

(k) Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, employee credit card programs and other cash management and similar arrangements in the ordinary course of business and any guarantees thereof or the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that any such Indebtedness is extinguished within 30 days;

(l) Indebtedness incurred by the Parent Borrower or any Subsidiary (including obligations in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued or created in the ordinary course of business) owed to any Person providing workers compensation, health, disability or other employee benefits or property, casualty or liability insurance;

(m) obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees (not for borrowed money) and similar obligations provided by the Parent Borrower or any Subsidiary in each case in the ordinary course of business or consistent with past practice;

(n) additional Indebtedness of the Parent Borrower or any of its Subsidiaries in an aggregate principal amount (for the Parent Borrower and all Subsidiaries) not to exceed $50,000,000 at any one time outstanding;

(o) the Convertible Notes and Guarantee Obligations of the Parent Borrower in respect of the Convertible Notes or any Additional Convertible Notes issued by the ~~REIT~~Listed Entity; provided that, simultaneously with the effectiveness of such Guarantee Obligations in respect of the Convertible Notes or any Additional Convertible Notes, the ~~REIT~~Listed Entity Guaranty shall become effective;

(p) Subscription Line Indebtedness; provided that after giving pro forma effect to the incurrence of such Subscription Line Indebtedness, no Default shall have occurred or be continuing or would result therefrom; and

(q) all obligations in respect of the Existing NorthStar Swap Agreement.

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

(a) Liens for Taxes not yet due or the amount or validity of which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations (other than any such obligation imposed pursuant to Section 430(k) of the Code or Sections 303(k) or 4068 of ERISA), surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) (i) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Parent Borrower or any of its Subsidiaries and (ii) other Liens encumbering any Commercial Real Estate Ownership Investment that do not secure Indebtedness for borrowed money or Indebtedness constituting seller financing;

(f) Liens in existence on the date hereof listed on Schedule 7.3(f), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any additional property after the Closing Date;

(g) Liens securing Indebtedness of the Parent Borrower or any Subsidiary incurred pursuant to Section 7.2(e) to finance the acquisition, construction or development of fixed or capital assets, provided that (i) such Liens shall be created within 270 days of the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens created pursuant to the Security Documents;

(i) any interest or title of a lessor under any lease entered into by the Parent Borrower or any Subsidiary in the ordinary course of its business and covering only the assets so leased;

(j) Liens securing Non-Recourse Indebtedness permitted under Section 7.2(f); provided that (i) such Liens do not at any time encumber any Collateral or Fee-Related Earnings and (ii) such Liens do not encumber any assets other than assets of any non-Loan Party that incurred such Non-Recourse Indebtedness (which, for clarity, may include assets of any non-Loan Party guarantor of such Non-Recourse Indebtedness) or any Loan Party that is limited to a Non-Recourse Pledge; provided that such Liens may be extended to other assets solely in connection with (x) an increase in the amount of such financing (such as in the form of incremental extensions of credit or the consummation of a refinancing) in an amount that is reasonably proportional to the value of the additional collateral or (y) a substitution of collateral supporting such Non-Recourse Indebtedness with replacement collateral of reasonably equivalent value, in each case as determined by the Parent Borrower in its commercially reasonable discretion giving due regard to general market conditions at the time of such increase or refinancing;

(k) Liens on cash collateral securing Swap Obligations, solely to the extent hedging assets included in the calculation of the Maximum Permitted Outstanding Amount (without giving effect to any concentration limits set forth in the definition thereof), and, for the avoidance of doubt, including Liens on cash collateral securing Swap Obligations in respect of the Existing NorthStar Swap Agreement;

(l) Liens deemed to exist pursuant to Specified GAAP Reportable B Loan Transactions permitted pursuant to Section 7.2(i) solely to the extent encumbering the assets consisting of "A-Notes" related thereto;

(m) Liens securing Permitted Warehouse Indebtedness of the Parent Borrower or any Subsidiary incurred pursuant to Section 7.2(j), solely to the extent encumbering (i) the Commercial Real Estate Debt Investments financed thereby or (ii) Capital Stock of the Permitted Warehouse Borrower pursuant to a Permitted Warehouse Equity Pledge;

(n) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8(h);

(o) any Lien existing on any property or asset prior to the acquisition thereof by the Parent Borrower or any Subsidiary following the Closing Date, provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, and (ii) such Lien does not apply to any other property or assets of the Parent Borrower or any Subsidiary;

(p) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on the items in the course of collection and (ii) in favor of a banking or other financial institution arising as a matter of law encumbering deposits or other funds maintained with a financial institution (including the right of set off) and which are within the general parameters customary in the banking industry; provided that such liens, rights or remedies are not security for or otherwise related to Indebtedness;

(q) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings;

(r) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(s) Liens solely on any cash earnest money deposits made by the Parent Borrower or any Subsidiary in connection with any acquisition permitted hereunder;

(t) Liens not otherwise permitted by this Section so long as the aggregate outstanding principal amount of the obligations secured thereby (as to the Parent Borrower and all Subsidiaries) does not exceed $40,000,000 at any one time;

(u) if incurred at any time prior to the REIT Status Termination Date, to the extent constituting a Lien, obligations restricting the sale or other transfer of assets pursuant to commercially reasonable "tax protection" (or similar) agreements entered into with limited partners or members of the Parent Borrower or of any other Subsidiary of the ~~REIT~~Listed Entity in a so-called "DownREIT Transaction"; and

(v) Liens on the assets described in clause (ii) of the definition of Subscription Line Indebtedness securing Subscription Line Indebtedness of a Colony Fund incurred pursuant to Section 7.2(p); provided that, for the avoidance of doubt, the Liens permitted pursuant to this clause (v) shall not encumber any Collateral, any Investment Asset or any Capital Stock of a Loan Party or an Affiliated Investor.

provided that, notwithstanding the foregoing, in no event shall any Liens (other than Liens permitted pursuant to clauses (a), (h), (n) and (u) above) encumber any of the Collateral.

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) any Subsidiary of the Parent Borrower (other than a Borrower) may be merged or consolidated with or into the Parent Borrower (provided that the Parent Borrower shall be the continuing or surviving corporation) or with or into any Subsidiary Guarantor (provided that in the case of any Loan Party merging with a Subsidiary that is not a Loan Party, the surviving entity shall be or become, substantially simultaneously therewith, a Loan Party);

(b) any non-Loan Party Subsidiary may be merged or consolidated with or into any other non-Loan Party Subsidiary;

(c) (i) any Subsidiary of the Parent Borrower (other than a Borrower) may Dispose of all or substantially all of its assets to the Parent Borrower or any Loan Party (upon voluntary liquidation or otherwise), (ii) any non-Loan Party Subsidiary may Dispose of all or substantially all of its assets to another non-Loan Party Subsidiary (upon voluntary liquidation or otherwise) or (iii) Parent Borrower or any Subsidiary of the Parent Borrower may Dispose of all or substantially all of its assets pursuant to a

Disposition permitted by Section 7.5; provided that any such Disposition by a Borrower must be to another Loan Party;

(d) any Investment permitted by Section 7.7 may be structured as a merger, consolidation or amalgamation; and

(e) any Subsidiary that has no material assets may be dissolved or liquidated.

7.5 Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary of the Parent Borrower, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of inventory in the ordinary course of business;

(c) Dispositions permitted by clauses (i) and (ii) of Section 7.4(c);

(d) the sale or issuance of any Subsidiary's Capital Stock to the Parent Borrower or any Subsidiary Guarantor; and

(e) the Disposition of other property including the sale or issuance of any Subsidiary's Capital Stock; provided that after giving pro forma effect to such Dispositions, the Total Revolving Extensions of Credit shall not exceed the Maximum Permitted Outstanding Amount.

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock, partnership interests or membership interests of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, "Restricted Payments"), except that:

(a) any Subsidiary may make Restricted Payments to the Parent Borrower, any Subsidiary Guarantor and each other owner of Capital Stock of such Subsidiary, which Restricted Payments shall either be paid ratably to the owners entitled thereto or otherwise in accordance with any preferences or priorities among the owners applicable thereto;

(b) the Parent Borrower and any Subsidiary may repurchase Capital Stock in the Parent Borrower or any such Subsidiary deemed to occur upon exercise of stock options or warrants if such Capital Stock represents a portion of the exercise price of such options or warrants;

(c) the Parent Borrower and any Subsidiary may make Restricted Payments to acquire the Capital Stock held by any other shareholder, member or partner in a Subsidiary that is not wholly-owned directly or indirectly by the Parent Borrower to the extent constituting an Investment permitted by Section 7.7;

(d) so long as no Default or Event of Default shall have occurred and be continuing, the Parent Borrower may purchase (and make distributions to permit the ~~REIT~~Listed Entity to purchase) its common stock, partnership interests or membership interests, as applicable, or options with respect thereto from present or former officers or employees of any Group Member upon the death, disability or termination of employment of such officer or employee, provided, that the aggregate amount of payments under this clause (d) after the date hereof (net of any proceeds received by the Parent Borrower after the date hereof in connection with resales of any such Capital Stock or Capital Stock options so purchased) shall not exceed $20,000,000;

(e) (i) so long as no Event of Default under Section 8(a) or (f) shall have occurred and be continuing or would result therefrom, the Parent Borrower shall be permitted to declare and pay dividends and distributions on its Capital Stock or make distributions with respect thereto in an amount not to exceed the greater of (x) at any time prior to the REIT Status Termination Date, such amount as is reasonably estimated by the Parent Borrower to be necessary for the ~~REIT Entity~~Listed Entity (to the extent it is or was intended to qualify as a REIT for the relevant period) to maintain its status as a REIT under the Code and (y) such amount as is reasonably estimated by the Parent Borrower to be necessary for the ~~REIT~~Listed Entity to avoid income tax and, so long as no Default shall have occurred and be continuing or shall result therefrom, excise tax under the Code and (ii) so long as (x) no Event of Default under Section 8(a) or (f) shall have occurred and be continuing or would result therefrom and (y) after giving pro forma effect to such dividends and distributions, the Parent Borrower shall be in compliance with Section 7.1, the Parent Borrower shall be permitted to declare and pay any accrued dividends and distributions to be paid by the ~~REIT~~Listed Entity in cash during any such period (1) in respect of its preferred Capital Stock (excluding for the avoidance of doubt any redemption payments)~~;~~ and (2) at any time following the REIT Status Termination Date, in respect of common capital stock; provided that, from and after the REIT Status Termination Date, the amount of any such Restricted Payments made in reliance on clause (ii)(2) shall not exceed the Specified Restricted Payment Amount at the time of such Restricted Payment;

(f) [reserved];

(g) the Parent Borrower and each Subsidiary thereof may purchase, redeem or otherwise acquire Capital Stock issued by it with the proceeds received from the issuance of new shares of its common stock or other Capital Stock within ninety (90) days (or by such later date as the Administrative Agent may agree in its sole discretion) of such issuance so long as, after giving pro forma effect to such purchase, redemption or acquisition, the Parent Borrower shall be in compliance with Section 7.1; provided that, in no event shall the Parent Borrower make any Restricted Payments in reliance on this clause (g) during the period from and after the Initial Revolving Termination Date following the exercise by the Parent Borrower of any Extension Option;

(h) at any time prior to the REIT Status Termination Date, the Parent Borrower, or any other Subsidiary of the ~~REIT~~Listed Entity in a so-called "DownREIT transaction", may redeem for cash limited partnership interests or membership interests in the Parent Borrower or such Subsidiary, respectively, pursuant to customary redemption rights granted to the applicable limited partner or member, but only to the extent that, in the good faith determination of the ~~REIT~~Listed Entity, issuing shares of the ~~REIT~~Listed Entity in redemption of such partnership or membership interests reasonably could be considered to impair its ability to maintain its status as a REIT; provided that, from and after the Initial Revolving Termination Date following the exercise by the Parent Borrower of any Extension Option, the Parent Borrower shall only be permitted to make Restricted Payments in reliance on this clause (h) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom; and

(i) to the extent constituting a Restricted Payment, payments by the Parent Borrower to the ~~REIT~~Listed Entity to the extent required to fund administrative and operating expenses of the ~~REIT~~Listed Entity, including, without limitation, to fund (i) scheduled payments under the Convertible Notes, (ii) the prepayment of the 3.875% Convertible Notes, so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, and (iii) other liabilities of the ~~REIT~~Listed Entity that would not result in a default under Section 8(l), to the extent attributable to any activity of or with respect to the ~~REIT~~Listed Entity that is not otherwise prohibited by this Agreement.

7.7 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "Investments"), except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2;

(d) loans and advances to employees of any Group Member (i) in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for all Group Members not to exceed $1,000,000 at any one time outstanding and (ii) in connection with such employee's purchase of Capital Stock of a Group Member in an aggregate amount for all Group Members not to exceed $10,000,000 at any one time outstanding; provided that no cash is actually advanced pursuant to this clause (d)(ii) unless immediately repaid;

(e) intercompany Investments by any Group Member in any Borrower or any Person that, prior to such investment, is a Subsidiary Guarantor;

(f) in addition to Investments otherwise permitted by this Section, Investments by the Parent Borrower or any of its Subsidiaries that constitute Permitted Investments, so long as no Default shall have occurred and be continuing at the time of entering into an agreement to make such Investment or shall result therefrom; and

(g) at any time prior to the REIT Status Termination Date, any Investment if and to the extent that the Parent Borrower determines in good faith that the making such Investment is reasonably necessary to permit it (or the ~~REIT~~Listed Entity) to satisfy the requirements applicable to REITs under the Code, so long as no Default pursuant to Section 8(a) or (f) shall have occurred and be continuing at the time of entering into such agreement to make such Investment or shall result therefrom.

7.8 Optional Payments and Modifications of Certain Debt Instruments. (a) Make or offer to make (other than an offer conditioned upon the Payment in Full or upon the requisite consent of the Lenders) any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease or segregate funds with respect to (x) secured Indebtedness in an aggregate principal amount in excess of $25,000,000 during the term of the Revolving Facility (other than, (A) the refinancing thereof with any Indebtedness permitted to be incurred under Section 7.2 (provided such Indebtedness does not shorten the maturity date thereof), (B) the conversion or exchange of any such Indebtedness to Capital Stock of the Parent Borrower (other than Disqualified Capital Stock), including any issuance of such Capital Stock in respect of which the proceeds are applied to the payment of such Indebtedness, (C) repayments, redemptions, purchases, defeasances and other payments in respect of any such Indebtedness of any non-Loan Party; provided that payments referred to in this clause (C) shall only be permitted so long as after giving effect thereto, the Parent Borrower is in pro forma compliance with Section 7.1(a) and (D) prepayments of Indebtedness in the nature of revolving loan facilities, including Permitted Warehouse Facilities and Subscription Line Indebtedness), (y) unsecured Indebtedness and (z) preferred Capital Stock or any trust preferred security of the Parent Borrower or any of its Subsidiaries; (b) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of Material Indebtedness (other than, any such amendment, modification, waiver or other change that either (A) (i) would extend the maturity or reduce the amount of any payment of principal thereof or reduce the rate or extend any date for payment of interest thereon and (ii) does not involve the payment of a consent fee, or (B) taken as a whole, is not materially adverse to the Parent Borrower and its Subsidiaries, taken as whole, or the Lenders); or (c) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of any preferred stock of the Parent Borrower (other than, any such amendment, modification, waiver or other change that either (A) (i) would extend the scheduled redemption date or reduce the amount of any scheduled redemption payment or reduce the rate or extend any date for payment of dividends thereon and (ii) does not involve the payment of a consent fee or (B) taken as a whole, is not materially adverse to the Parent Borrower and its Subsidiaries, taken as a whole, or the Lenders); provided, that, at any time prior to the REIT Status Termination Date, such actions described in clauses (a), (b) and (c) may be taken if and to the extent that the Parent Borrower determines in good faith that such action is reasonably necessary to permit it (or the ~~REIT~~Listed Entity) to satisfy the requirements applicable to REITs under the Code, so long as no Default pursuant to Section 8(a) or (f) shall have occurred and be continuing at the time of entering into such agreement to make such Investment or shall result therefrom. Notwithstanding the foregoing, this Section 7.8 shall not apply to (i) intercompany Indebtedness or (ii) obligations of any Pledged Affiliate or Group Member whose Capital Stock is owned directly or indirectly by a Pledged Affiliate.

7.9 Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than any Borrower or any Subsidiary Guarantor) unless such transaction is (a) otherwise permitted under this Agreement, (b) in the ordinary course of business of the relevant Group Member, and (c) upon fair and reasonable terms no less favorable to the relevant Group Member than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate; provided that the requirements of this Section 7.9 shall not apply to (A) transactions subject to the restrictions set forth in Section 7.6 or 7.7 that are permitted pursuant to Sections 7.6 or 7.7, as applicable or (B) payments by the Parent Borrower to the ~~REIT~~Listed Entity to the extent required to fund administrative and operating expenses of the ~~REIT~~Listed Entity, including, without limitation, amounts payable under the Convertible Notes or Additional Convertible Notes issued by the ~~REIT~~Listed Entity.

7.10 Accounting Changes. Make any change in accounting policies or reporting practices, except in accordance with GAAP or required by any governmental or regulatory authority; provided that the Parent Borrower shall notify the Administrative Agent of any such change made in accordance with GAAP or required by any governmental or regulatory authority.

7.11 Swap Agreements. Enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Parent Borrower or any Subsidiary has actual exposure (other than those in respect of Capital Stock of the Parent Borrower and its Subsidiaries, or any direct or indirect parent thereof (provided that any Swap Agreement entered into with respect to any index that includes Capital Stock of the ~~REIT~~Listed Entity shall not be considered a Swap Agreement in respect of Capital Stock of a direct or indirect parent of the Parent Borrower for purposes of this parenthetical)) and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Parent Borrower or any Subsidiary.

7.12 Changes in Fiscal Periods. Permit the fiscal year of the Parent Borrower to end on a day other than December 31 or change the Parent Borrower's method of determining fiscal quarters.

7.13 Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of its property or revenues of the type intended to constitute Collateral, whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (a) this Agreement and the other Loan Documents, (b) any agreements governing any purchase money Liens or Capital Lease Obligations or other secured Indebtedness otherwise permitted hereby (in each case, which prohibition or limitation shall only be effective against the assets financed thereby which in any event shall not include Collateral), (c) provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 7.7 and applicable solely to such joint venture and its equity and (d) change of control or similar limitations applicable to the upstream ownership of any Investment Asset; provided, in the case of clauses (c) and (d) above, that no Liens securing Indebtedness are permitted to exist on such assets.

7.14 Use of Proceeds. Request any Loan or Letter of Credit, and no Borrower shall use, and each Borrower shall procure that its Affiliates and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state.

7.15 Nature of Business. Enter into any line of business, either directly or through any Subsidiary, substantially different from those lines of business conducted by the Parent Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.16 Margin Stock. Use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.17 Amendment, Waiver and Terminations of Certain Agreements. Directly or indirectly, consent to, approve, authorize or otherwise suffer or permit any amendment, change, cancellation, termination or waiver in any respect of the terms of any organizational document of any Loan Party, Subsidiary thereof or any Affiliated Investor (other than a waiver by the Parent Borrower of the ownership limitations in and pursuant to its organizational documents), in each case other than amendments and modifications that, taken as a whole, are not materially adverse to the Administrative Agent or the Lenders.

SECTION 8. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) any Borrower shall fail to pay (x) any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; (y) any interest on any Loan or Reimbursement Obligation or any fees payable hereunder or under any other Loan Document within three days after any such interest or fees becomes due or (z) any other amount payable hereunder or under any other Loan Document within five days after such other amount becomes due, in each case, in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made; or

(c) any Loan Party shall default in the observance or performance of any agreement contained in Section 6.2(d), Section 6.4(a)(i) (with respect to a Borrower only), Section 6.7(a), Section 6.9, Section 6.14 or Section 7 of this Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date that any Borrower gains knowledge of such default and (ii) notice to the Parent Borrower from the Administrative Agent or the Required Lenders; or

(e) any Loan Party shall (i) default in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans and any Non-Recourse Indebtedness) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable by a Loan Party; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the aggregate outstanding principal amount of which is $50,000,000 or more; provided further, that this clause (iii) shall not apply to any Indebtedness that becomes due as a result of customary non-default mandatory prepayments resulting from asset sales, casualty or condemnation events, the incurrence of Indebtedness, equity issuances or excess cash flow or any similar concept; or

(f) (i) any Loan Party shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets; or (ii) there shall be commenced against any Loan Party any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against any Loan Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Loan Party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or (vi) or any Loan Party shall make a general assignment for the benefit of its creditors; or

(g) (i) an ERISA Event or a Foreign Plan Event shall have occurred; (ii) a trustee shall be appointed by a United States district court to administer any Pension Plan; (iii) the PBGC shall institute proceedings to terminate any Pension Plan; (iv) any Group Member or any of their respective ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such entity does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner; or (v) any other event or condition shall occur or exist with respect to a Plan, a Foreign Benefit Arrangement, or a Foreign Plan; and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to result in a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against any Loan Party involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has not denied coverage) of $50,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 45 days from the entry thereof; or

(i) any of the Loan Documents shall cease, for any reason, to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(j) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party or any Affiliate of any Loan Party shall so assert; or

(k) (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than 35% of the outstanding common stock of the ~~REIT~~Listed Entity, (ii) the board of directors of the ~~REIT~~Listed Entity shall cease to consist of a majority of Continuing Directors, (iii) the Parent Borrower shall cease to own, directly or indirectly, 100% of the Capital Stock and other equity interests of each Subsidiary Borrower, in each case, free and clear of all Liens (other than Liens in favor of the Administrative Agent for the benefit of the Secured Parties) or (iv) the ~~REIT~~Listed Entity shall cease to be the sole managing member of the Parent Borrower or the ~~REIT~~Listed Entity shall cease to own, directly, (1) at least a majority of the total voting power of the then outstanding voting Capital Stock of the Parent Borrower or (2) Capital Stock of the Parent Borrower representing at least a majority of the total economic interests of the Capital Stock of the Parent Borrower, in each case free and clear of all Liens (other than Liens in favor of the Administrative Agent for the benefit of the Secured Parties); or

(l) the ~~REIT~~Listed Entity shall (i) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of the Parent Borrower and the ~~Specified REITs (provided that any such business or operations incidental to its ownership of the Capital Stock of the Specified REITs shall be~~

~~limited to such business or operations in existence on the Closing Date) and the~~ intercompany arrangements described in clause (iii) below, (ii) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (w) nonconsensual obligations imposed by operation of law, (x) obligations with respect to its Capital Stock and the intercompany arrangements described in clause (iii) below, (y) the Convertible Notes or Additional Convertible Notes and (z) the Existing Limited Guarantees and Guarantee Obligations in respect of Additional Convertible Notes; provided that, prior to or simultaneously with the effectiveness of such Guarantee Obligations in respect of Additional Convertible Notes, the ~~REIT~~Listed Entity Guaranty shall become effective, or (iii) own, lease, manage or otherwise operate any properties or assets (including cash (other than cash received in connection with dividends made by the Parent Borrower in accordance with Section 7.6 pending application in the manner contemplated by said Section) and cash equivalents) other than the ownership of shares of Capital Stock of the Parent Borrower and ~~the Specified REITs and~~, to the extent constituting assets, intercompany arrangements in favor of the ~~REIT~~Listed Entity in relation to providing funding for obligations of the ~~REIT~~Listed Entity, as well as other contractual intercompany arrangements of immaterial value; or

(m) the ~~REIT~~Listed Entity shall (i) default in making any payment of any principal of the Convertible Notes or Additional Convertible Notes on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on the Convertible Notes or Additional Convertible Notes beyond the period of grace, if any, provided in the Convertible Notes Indenture or the indenture governing the Additional Convertible Notes, respectively; or (iii) default in the observance or performance of any other agreement or condition relating to the Convertible Notes or Additional Convertible Notes or contained in the Convertible Notes Indenture or the indenture governing the Additional Convertible Notes, respectively, or any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of the Convertible Notes or Additional Convertible Notes (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, the Convertible Notes or Additional Convertible Notes to become due prior to their stated maturity; provided that this clause (iii) shall not apply if the Convertible Notes or Additional Convertible Notes become due as a result of mandatory prepayments resulting from asset sales, casualty events, the incurrence of Indebtedness not permitted by the Convertible Notes Indenture or the indenture governing the Additional Convertible Notes, respectively, or excess cash flow or any similar concept;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to any Borrower, automatically the Revolving Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Parent Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Parent Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrowers with Letters of Credit then outstanding, shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrowers hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrowers hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the applicable Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrowers.

SECTION 9. THE AGENTS

9.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (including, for the avoidance of doubt, in connection with the Administrative Agent's reliance on any Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page) or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy or email message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to any Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge ~~or~~of any (i) notice of any of the events or circumstances set forth or described in Section 6.7 unless and until written notice thereof stating that it is a “notice under Section 6.7” in respect of this Agreement and identifying the specific clause under said Section is given to the Administrative Agent by the Borrower or (ii) notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Parent Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates.

9.7 ~~Indemnification~~Lender Reimbursement. The Lenders agree to ~~indemnify~~pay to each Agent and its officers, directors, partners, employees, affiliates, agents, advisors and controlling persons (each, an "~~Agent Indemnitee~~Agent-Related Person") (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which ~~indemnification~~payment is sought under this Section (or, if ~~indemnification is~~such payment is sought after the date upon which the Revolving Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), ~~from and against any and all liabilities, obligations, losses, damages~~any amount required to be paid by the Borrowers pursuant to Section 10.5 as a result of any and all Liabilities, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such ~~Agent Indemnitee~~Agent-Related Person in any way relating to or arising out of, the Revolving Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such ~~Agent Indemnitee~~Agent-Related Person under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such ~~liabilities, obligations, losses, damages~~Liabilities, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such ~~Agent Indemnitee's~~Agent-Related Person's gross negligence or willful misconduct. The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

9.8 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Parent Borrower. The Required Lenders may by written notice to the Administrative Agent and the Parent Borrower remove the Administrative Agent if it has become a Defaulting Lender. If the Administrative Agent shall resign or be removed as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to any Borrower shall have occurred and be continuing) be subject to approval by the Parent Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent's notice of resignation or notice of removal of a removed Administrative Agent, as applicable, the retiring Administrative Agent's resignation or the removed Administrative Agent's removal shall nevertheless thereupon become effective, and the Required Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent with the consent of the Parent Borrower as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 and of Section 10.5 shall continue to inure to its benefit.

9.10 Arrangers and Syndication Agent. Neither the Arrangers nor the Syndication Agent shall have any duties or responsibilities hereunder in their respective capacities as such.

9.11 ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the any Borrower, that at least one of the following is and will be true:such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to, and all of the conditions of which are and will continue to be satisfied in connection with, such Lender's entrance into, participation in, administration of and performance of the Loans, Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower, that none of the Administrative Agent or any Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement or any documents related to hereto or thereto),

(c) The Administrative Agent and each Arranger hereby informs the Lenders that each such Person is not undertaking to provide ~~impartial~~ investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments ~~and~~, this Agreement and any other Loan Documents, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. Except as specifically provided in any Loan Document, neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan of any Lender (except as provided in Section 2.20), reduce the stated rate of any interest or fee payable hereunder to any Lender (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders) and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Commitment (except as provided in Section 2.20), in each case without the written consent of such Lender; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders or Supermajority Lenders or consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, in each case without the written consent of all Lenders; provided that, for the avoidance of doubt, the designation of a Subsidiary Borrower in accordance with Section 2.21(a)(i) shall not be deemed to be an assignment or transfer of rights and obligations; (iv) except as otherwise permitted by the Loan Documents on the date hereof, release all or substantially all of the Collateral or release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantee and Collateral Agreement, in each case, without the written consent of all Lenders; (v) amend, modify or waive any provision of Section 2.12(a) or (b) without the written consent of all Lenders; provided that amendments permitting the extension of the Revolving Termination Date with respect to any or all Revolving Commitments which provide for compensation solely to extending Lenders, by increasing the Applicable Margin applicable thereto or otherwise, shall not be considered an amendment, modification or waiver of Section 2.12; (vi) amend, modify or waive any provision of Section 9 or any other provision of any Loan Document that affects the rights or duties of the Administrative Agent without the written consent of the Administrative Agent; (vii) amend, modify or waive any provision affecting the Maximum Permitted Outstanding Amount or the component definitions thereof which has the effect of increasing the Maximum Permitted Outstanding Amount (but excluding any technical amendments to the definition of Maximum Permitted Outstanding Amount or any component definition thereof) without the written consent of the Supermajority Lenders; (viii) amend, modify or waive any provision of Section 3 without the written consent of each Issuing Lender or (ix) amend Section 6.3 of the Guarantee and Collateral Agreement without the consent of each Lender directly affected thereby. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrowers (a) to add one or more additional credit facilities to this Agreement on such terms as provided for in any such amendment, including, without limitation, for purposes of effecting an extension of the Revolving Termination Date in respect of the Revolving Commitments, held by each Lender agreeing to such extension, and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share in the benefits of this Agreement and the other Loan Documents with the Revolving Extensions of Credit and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and the Supermajority Lenders.

Furthermore, notwithstanding the foregoing, the Administrative Agent, with the consent of the Borrowers, may amend, modify or supplement any Loan Document without the consent of any Lender or the Required Lenders (a) in order to correct, amend or cure any ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Loan Document (b) to add or effect changes to administrative or ministerial provisions contained herein reasonably believed to be required as a result of the addition of Subsidiary Borrowers pursuant to Section 2.21 and (c) pursuant to Section 2.11.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of any Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Any Borrower:	Colony Capital Operating Company, LLC 515 S. Flower Street, 44th Floor Los Angeles, CA 90071 Attention: Director – Legal Department Telecopy: 310-282-8820

Telephone: 310-282-8820

with a copy to:

590 Madison Avenue
34th Floor
New York, NY 10022
Attention: Mr. Ron Sanders
Telecopy: 212.593.5433
Telephone: 212.230.3300

Administrative Agent:

500 Stanton Christiana Road, Ops 2, Floor 03
Newark, DE, 19713-2107
Attention: Joseph Burke
Telecopy: 302-634-4733
Telephone: 302-634-1697

with a copy to:

383 Madison Ave, Floor 23
New York, NY 10179
Attention: ~~Michael E. Kusner~~Catherine Mahoney
~~Telecopy: 212-270-5222~~
Telephone: 212-270-~~5650~~5320

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

Notices and other communications to the Borrowers, any Loan Party, and/or the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5 Payment of Expenses and Taxes; Limitation of Liability.

(a) ~~10.5 Payment of~~ Expenses ~~and Taxes~~. The Borrowers agree, on a joint and several basis, (i) to pay or reimburse the Administrative Agent and each Arranger for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable and documented out-of-pocket fees and disbursements of one primary counsel to the Administrative Agent and the Arrangers and, if reasonably necessary, one local counsel per necessary jurisdiction, and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Parent Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, but in any event no earlier than ten (10) Business Days after receipt by the Parent Borrower of a reasonably detailed invoice therefor~~,~~ and (ii) to pay or reimburse each Lender, each Issuing Lender and the Administrative Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the reasonable and documented out-of-pocket fees and disbursements of any counsel to any Lender and of counsel to the Administrative Agent (but in such case limited to, the reasonable and documented out-of-pocket fees and disbursements of one primary counsel to the Administrative Agent, one primary counsel to the Lenders (as selected by the Required Lenders other than the Administrative Agent) and, to the extent reasonably necessary, one local counsel in each applicable jurisdiction, and, in the case of a conflict of interest, one additional primary counsel and one additional local counsel in each applicable jurisdiction for such Persons affected by such conflict)~~, and (c) to~~.

(b) Limitation of Liability. No Lender-Related Person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Lender-Related Person. None of the parties hereto shall be liable for any Liability on any theory of indirect, special, exemplary, punitive or consequential damages in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby; provided that the foregoing shall not relieve the Loan Parties of any obligations they may have to indemnify an Indemnitee, as provided in Section 10.5(c), against any Liabilities on any theory of indirect, special, exemplary, punitive or consequential damages asserted against such Indemnitee by a third party.

(c) Indemnification. The Borrowers Agree to pay, indemnify, and hold each Lender, each Issuing Lender, each Arranger and the Administrative Agent, their respective affiliates, and their respective officers, directors, employees, agents, advisors and controlling persons (each, an "Indemnitee") harmless from and against any and all other ~~liabilities, obligations, losses, damages~~Liabilities, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and the other Loan Documents and any such other documents, including any claim, litigation, investigation or proceeding (a "Proceeding") regardless of whether any Indemnitee is a party thereto and whether or not the same are brought by any Borrower, its equity holders, affiliates or creditors or any other Person and whether based on contract, tort or any other theory, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Group Member or any of the Properties and the reasonable and documented out-of-pocket fees and expenses of one primary legal counsel and, if reasonably necessary, one single local counsel in each relevant jurisdiction for all Indemnitees taken as a whole (and solely in the case of a conflict in interest, one additional primary counsel and one additional counsel in each relevant jurisdiction to each group of affected Indemnitees similarly situated taken as a whole) in connection with ~~claims, actions or proceedings~~Proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this clause (c), collectively, the "Indemnified Liabilities"), provided, that no Borrower shall have any obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are (x) found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of, or material breach of any Loan Document by, such Indemnitee, or (y) related to any dispute solely among the Indemnitees other than any dispute involving an Indemnitee in its capacity or in fulfilling its role as the Administrative Agent or Arranger or any similar role under this Agreement unless such dispute is related to any claims arising out of or in connection with any act or omission of any Borrower or any of its Affiliates and provided, further, that this Section 10.5(c) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim and shall not duplicate any amounts paid under Section 2.13 or Section 2.15. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrowers agree not to assert and to cause their respective Subsidiaries not to assert, and hereby waive and agree to cause their respective Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. ~~No Indemnitee shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee. None of the parties hereto shall assert, and each hereby waives, any claim for any indirect, special, exemplary, punitive or consequential damages in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby~~

(d) ~~(except that nothing contained in this sentence shall limit the Borrowers' indemnity obligations under this Section 10.5)~~Payments. All amounts due under this Section 10.5 shall be payable not later than 10 Business Days after receipt of a reasonably detailed invoice therefor. Statements payable by the Borrowers pursuant to this Section 10.5 shall be submitted to Director – Legal Department (Telephone No. 310-282-8820) (Telecopy No. 310-282-8808), at the address of the Parent Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Parent Borrower in a written notice to the Administrative Agent. ~~The agreements in this Section 10.5 shall survive the termination of this Agreement and the repayment of the Loans and all other amounts payable hereunder~~

(e) Settlements. Notwithstanding the foregoing, the Borrowers shall not be liable under this Agreement for any settlement made by any Indemnitee without the prior written consent of the Parent Borrower (which consent shall not be unreasonably withheld or delayed). If any settlement is consummated with the Parent Borrower's written consent or if there is a final judgment for the plaintiff in any such Proceeding, the Borrowers agree to indemnify and hold harmless each Indemnitee from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement or judgment in accordance with the provisions hereof. The Borrowers further agree that they will not, without the prior written consent of the Indemnitee, settle or compromise or consent to the entry of any judgment in any pending or threatened Proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnitee is an actual or potential party to such Proceeding) unless such settlement, compromise or consent includes (a) an unconditional release of each Indemnitee from all liability and obligations arising therefrom in form and substance satisfactory to such Indemnitee and (b) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnitee.

(f) Survival. The agreements in this Section 10.5 shall survive the termination of this Agreement and the repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Lender that issues any Letter of Credit), except that (i) the Borrowers may not assign or otherwise transfer any of their rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void); provided that, for the avoidance of doubt, the designation of a Subsidiary Borrower in accordance with Section 2.21(a)(i) shall not be deemed to be an assignment or transfer of rights and obligations and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an "Assignee"), other than a natural person, any Borrower or any Subsidiary or Affiliate of any Borrower, all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Parent Borrower (such consent not to be unreasonably withheld or delayed), provided that no consent of the Parent Borrower shall be required for an assignment to a Lender, an affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default under Section 8(a) or (f) has occurred and is continuing, any other Person; and provided, further, that the Parent Borrower shall be deemed to have consented to any such assignment unless the Parent Borrower shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof; and

(B) the Administrative Agent (such consent not to be unreasonably withheld or delayed).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Revolving Commitments or Loans, the amount of the Revolving Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Parent Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Parent Borrower shall be required if an Event of Default under Section 8(a) or (f) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) (1) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 and (2) the assigning Lender shall have paid in full any amounts owing by it to the Administrative Agent; and

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrowers and their respective Affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 10.6, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register (maintained in accordance with Treasury Regulations Sections 5f.103-1(c) and 1.871-14(c)(1)(i)) for the recordation of the names and addresses of the Lenders, and the Revolving Commitments of, and principal amount (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent, the Issuing Lenders and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice; provided that the information contained in the Register which is shared with each Lender (other than the Administrative Agent and its affiliates) shall be limited to the entries with respect to such Lender including the Revolving Commitments of, or principal amount of and stated interest on the Loans owing to such Lender.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph

(b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of any Borrower, the Administrative Agent or any Issuing Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Administrative Agent, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (i) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 10.1 and (ii) directly and adversely affects such Participant. Each Lender that sells a participation agrees, at the Parent Borrower's request and expense, to use reasonable efforts to cooperate with the Parent Borrower to effectuate the provisions of Sections 2.16 and 2.17 with respect to any Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (i) agrees to be subject to the provisions of Sections 2.13 and 2.14, 2.15, 2.16 and 2.17 as if it were an assignee under paragraph (b) of this Section and (ii) shall not be entitled to receive any greater payment under Sections 2.13 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from an adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or direction (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7(b) as though it were a Lender, provided such Participant shall be subject to Section 10.7(a) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register (maintained in accordance with Treasury Regulations Sections 5f.103-1(c) and 1.871-14(c)(1)(i)) on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Revolving Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Revolving Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto. The Borrowers, upon receipt of written notice from the relevant Lender, agree to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in this paragraph (d).

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement or a court order expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular facility, if any Lender (a "Benefitted Lender") shall receive any payment of all or part of the Obligations owing to it (other than in connection with an assignment made pursuant to Section 10.6), or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, if an Event of Default shall have occurred and be continuing, each Lender shall have the right, without notice to the Borrowers, any such notice being expressly waived by the Borrowers to the extent permitted by applicable law, to apply to the payment of any Obligations of any Borrower, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the applicable Borrower; provided that if any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of this Agreement and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders and the Lenders and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of set-off; provided further, that to the extent prohibited by applicable law as described in the definition of "Excluded Swap Obligation," no amounts received from, or set off with respect to, any Subsidiary Guarantor shall be applied to any Excluded Swap Obligations of such Subsidiary Guarantor. Each Lender agrees promptly to notify the Parent Borrower and the Administrative Agent after any such application made by such Lender, provided that the failure to give such notice shall not affect the validity of such application.

10.8 Counterparts; Electronic Execution. (a) This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Parent Borrower and the Administrative Agent.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 10.2), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Parent Borrower or any other Loan Party without further verification thereof and without any obligation to review the appearance or form of any such Electronic signature and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Parent Borrower and each Loan Party hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Parent Borrower and the Loan Parties, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (ii) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (iv) waives any claim against any Lender and such Lender's Affiliates and the respective directors, officers, employees, agents and advisors of such Lender and such Lender's Affiliates for any losses, claims (including intraparty claims), demands, damages or liabilities of any kind arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of the Parent Borrower and/or any Loan Party to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

10.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement and the other Loan Documents represent the entire agreement of the Borrowers, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 Governing Law. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

10.12 Submission To Jurisdiction; Waivers. Each Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the courts of the State of New York in the Borough of Manhattan, the courts of the United States for the Southern District of New York, and appellate courts from any thereof; provided, that nothing contained herein or in any other Loan Document will prevent any Lender or the Administrative Agent from bringing any action to enforce any award or judgment or exercise any right under the Security Documents or against any Collateral or any other property of any Loan Party in any other forum in which jurisdiction can be established;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Borrower at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any indirect, special, exemplary, punitive or consequential damages.

10.13 Acknowledgements. Each Borrower hereby acknowledges and agrees that (a) no fiduciary, advisory or agency relationship between the Loan Parties and the Credit Parties is intended to be or has been created in respect of any of the transactions contemplated by this Agreement or the other Loan Documents, irrespective of whether the Credit Parties have advised or are advising the Loan Parties on other matters, and the relationship between the Credit Parties, on the one hand, and the Loan Parties, on the other hand, in connection herewith and therewith is solely that of creditor and debtor, (b) the Credit Parties, on the one hand, and the Loan Parties, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do the Loan Parties rely on, any fiduciary duty to the Loan Parties or their affiliates on the part of the Credit Parties, (c) the Loan Parties are capable of evaluating and understanding, and the Loan Parties understand and accept, the terms, risks and conditions of the transactions contemplated by this Agreement and the other Loan Documents, (d) the Loan Parties have been advised that the Credit Parties are engaged in a broad range of transactions that may involve interests that differ from the Loan Parties' interests and that the Credit Parties have no obligation to disclose such interests and transactions to the Loan Parties, (e) the Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent the Loan Parties have deemed appropriate in the negotiation, execution and delivery of this Agreement and the other Loan Documents, (f) each Credit Party has been, is, and will be acting solely as a principal and, except as otherwise expressly agreed in writing by it and the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Loan Parties, any of their affiliates or any other Person, (g) none of the Credit Parties has any obligation to the Loan Parties or their affiliates with respect to the transactions contemplated by this Agreement or the other Loan Documents except those obligations expressly set forth herein or therein or in any other express writing executed and delivered by such Credit Party and the Loan Parties or any such affiliate and (h) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Credit Parties or among the Loan Parties and the Credit Parties.

10.14 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (including in its capacities as a potential secured counterparty to a Secured Swap Agreement) (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action reasonably requested by the Parent Borrower having the effect of releasing any Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraphs (b) or (c) below.

(b) Upon Payment in Full, the Collateral shall be automatically released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Security Documents shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

(c) If any of the Collateral shall be sold, transferred or otherwise disposed of in a transaction permitted hereunder, then the Administrative Agent, at the request and sole expense of such Loan Party, shall execute and deliver to such Loan Party all releases or other documents reasonably necessary or desirable for the release of the Liens created by the Guarantee and Collateral Agreement on such Collateral; provided that no Default shall have occurred or be continuing or would result therefrom. At the request and sole expense of the Parent Borrower, any Subsidiary Guarantor, Subsidiary Borrower or the ~~REIT~~Listed Entity shall be released from its obligations under the Loan Documents, as applicable, in the event that (i) in the case of a Subsidiary Guarantor or Subsidiary Borrower, all the Capital Stock of such Subsidiary Guarantor or Subsidiary Borrower shall be sold, transferred or otherwise disposed of in a transaction permitted hereunder or if such Subsidiary Guarantor shall cease to be a Wholly-Owned Subsidiary of the Parent Borrower as a result of a transaction permitted hereunder or becomes an Excluded Subsidiary pursuant to the terms of this Agreement; provided that in the case of any such transaction involving a Subsidiary Borrower, (A) the Parent Borrower shall have delivered a Termination Letter with respect to such Subsidiary Borrower in accordance with Section 2.21(a)(ii), (B) the Obligations of such Subsidiary Borrower shall have been repaid in full, (C) any L/C Obligations in respect of Letters of Credit issued for the account of such Subsidiary Borrower shall have been cash collateralized and (D) all other amounts owed by such Subsidiary Borrower under this Agreement and the other Loan Documents shall have been repaid in full, in each case, not later than upon the effectiveness of such release or (ii) in the case of the ~~REIT~~Listed Entity, upon the request of the Parent Borrower to the extent the ~~REIT~~Listed Entity Guaranty is not required to be effective pursuant to this Agreement or any other Loan Document; provided that, in each case, no Default shall have occurred and be continuing or would result therefrom; provided further that the Parent Borrower shall have delivered to the Administrative Agent, at least five days (or such shorter period as may be permitted by the Administrative Agent in its sole discretion) prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor, Subsidiary Borrower or the ~~REIT~~Listed Entity (as applicable) and the associated transaction giving rise to the release request in reasonable detail, together with a certification by the Parent Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents.

(d) Notwithstanding the foregoing, if an Excluded Subsidiary or Other Merger Party Excluded Subsidiary is at any time determined to have been incorrectly designated or joined as a Subsidiary Guarantor (each, a "Specified Subsidiary") then such Specified Subsidiary's obligations under the Loan Documents shall be automatically released in all respects with retroactive effect to the time such Specified Subsidiary was first joined as a Subsidiary Guarantor (until such time, if any, as such Specified Subsidiary ceases to be an Excluded Subsidiary or Other Merger Party Excluded Subsidiary) upon receipt by the Administrative Agent of a certificate of a Responsible Officer of the Parent Borrower in form and substance satisfactory to the Administrative Agent regarding the basis for designating such subsidiary as a Specified Subsidiary; provided that, after giving pro forma effect to such release of such Specified Subsidiary's guarantee (and any repayment of Revolving Loans or pledge of additional Collateral that occurs contemporaneously therewith), the Parent Borrower shall be in compliance with Section 7.1(e).

(e) The Administrative Agent shall, at the request and sole expense of the Parent Borrower in connection with the release of any Collateral in accordance with this Section 10.14, promptly (i) deliver to the Parent Borrower any such Collateral in the Administrative Agent's possession and (ii) execute and deliver to the Parent Borrower such documents as the Parent Borrower shall reasonably request to evidence such release. The Administrative Agent shall, at the request and sole expense of the Parent Borrower following the release of a Subsidiary Guarantor or the ~~REIT~~Listed Entity from its obligations under the Loan Documents, as applicable, in accordance with this Section 10.14, execute and deliver to the Parent Borrower such documents as the Parent Borrower shall reasonably request to evidence such release.

10.15 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all Information (as defined below); provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such Information (a) to the Administrative Agent, any other Lender or any affiliate thereof, or to any other party to this Agreement (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Swap Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, who, in each case, are informed of the confidential nature of such information and are or have been advised by the applicable Credit Party of their obligation to keep information of this type confidential, (d) upon the request or demand of any Governmental Authority having jurisdiction over such Credit Party or its affiliates, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, with prompt advanced notice to the Parent Borrower of such disclosure, to the extent practicable and permitted by law, (f) if requested or required to do so in connection with any litigation or similar proceeding, with prompt advanced notice to the Parent Borrower of such disclosure, to the extent practicable and permitted by law, (g) that has been publicly disclosed (other than by reason of disclosure by the applicable Credit Party, its affiliates or any representatives in breach of this Section 10.15), (h) to the National Association of

Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document, or (j) if agreed by the Parent Borrower in its sole discretion, to any other Person. "Information" means all information received from the Parent Borrower relating to the Parent Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Lender or any Lender on a non-confidential basis prior to disclosure by the Parent Borrower. In addition, the Administrative Agent, the Arrangers and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry (including league table providers) and service providers to the Administrative Agent, the Arrangers and the Lenders in connection with the administration of this Agreement, the other Loan Documents, the Loans and the Revolving Commitments.

Each Lender acknowledges that information furnished to it pursuant to this Agreement or the other Loan Documents may include material non-public information concerning the Borrowers and their respective Affiliates and their related parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All information, including requests for waivers and amendments, furnished by any Borrower or the Administrative Agent pursuant to, or in the course of administering, this Agreement or the other Loan Documents will be syndicate-level information, which may contain material non-public information about the Borrowers and their respective Affiliates and their related parties or their respective securities. Accordingly, each Lender represents to the Borrowers and the Administrative Agent that it has identified in its administrative questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal and state securities laws.

10.16 WAIVERS OF JURY TRIAL. **THE BORROWERS, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

10.17 USA Patriot Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender to identify each Borrower in accordance with the Patriot Act.

10.18 Investment Asset Reviews. The Administrative Agent, individually or at the request of the Required Lenders, may engage in its reasonable discretion, on behalf of the Lenders, an independent consultant (each, an "Independent Valuation Provider") to complete a review and verification of the accuracy and reliability of the Parent Borrower's calculation and reporting of the Adjusted Net Book Value of any Investment Asset included in the calculation of the Maximum Permitted Outstanding Amount (each, an "Investment Asset Review") at any time, each such Investment Asset Review to be shared with the Lenders and the Parent Borrower. The Parent Borrower agrees to pay the Administrative Agent, not later than 10 Business Days after receipt of a reasonably detailed invoice therefor, the documented out-of-pocket cost of each such Investment Asset Review reasonably incurred by the Administrative Agent; provided that (i) the Parent Borrower shall not be required to reimburse such costs with respect to more than one Investment Asset Review per fiscal year with respect to each such Investment Asset and (ii) the Parent Borrower shall not be required to reimburse more than $500,000 of such costs per fiscal year; provided further that the limitations on reimbursement contained in the foregoing proviso shall not apply if an Event of Default has occurred and is continuing.

10.19 Secured Swap Agreements. Except as otherwise expressly set forth herein or in any Security Document, no Swap Bank that obtains the benefits of Section 10.14, any Guarantee Obligation or any Collateral by virtue of the provisions hereof or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Section 10.19 to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Swap Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request from the applicable Swap Bank.

10.20 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

10.21 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

10.22 Effect of Amendment and Restatement; Reallocation. (a) Upon the Closing Date, this Agreement shall amend, and restate as amended, the Existing Credit Agreement (including any contingent amendments thereto), but shall not constitute a novation thereof or in any way impair or otherwise affect the rights or obligations of the parties thereunder (including with respect to Loans and representations and warranties made thereunder) except as such rights or obligations are amended or modified hereby. The Existing Credit Agreement as amended and restated hereby shall be deemed to be a continuing agreement among the parties, and all documents, instruments and agreements delivered pursuant to or in connection with the Existing Credit Agreement not amended and restated in connection with the entry of the parties into this Agreement shall remain in full force and effect, each in accordance with its terms, as of the date of delivery or such other date as contemplated by such document, instrument or agreement to the same extent as if the modifications to the Existing Credit Agreement contained herein were set forth in an amendment to the Existing Credit Agreement in a customary form, unless such document, instrument or agreement has otherwise been terminated or has expired in accordance with or pursuant to the terms of this Agreement, the Existing Credit Agreement or such document, instrument or agreement or as otherwise agreed by the required parties hereto or thereto.

(b) Upon the Closing Date, the Parent Borrower shall (A) prepay the outstanding Revolving Loans (if any) in full, (B) simultaneously borrow new Revolving Loans hereunder in an amount equal to such prepayment (in the case of Eurodollar Loans, with Eurodollar Base Rates equal to the outstanding Eurodollar Base Rate and with Interest Period(s) ending on the date(s) of any then outstanding Interest Period(s)), as applicable (as modified hereby); provided that with respect to subclauses (A) and (B), (x) the prepayment to, and borrowing from, any Lender that was a party to the Existing Credit Agreement as a "Lender" thereunder immediately prior to giving effect to this Agreement (an "Existing Lender") shall be effected by book entry to the extent that any portion of the amount prepaid to such Lender will be subsequently borrowed from such Lender and (y) the Existing Lenders and each Person that is a signatory hereto as a Lender but that was not a party to the Existing Credit Agreement immediately prior to giving effect to this Agreement (each, an "Additional Lender") shall make and receive payments among themselves, in a manner acceptable to the Administrative Agent, so that, after giving effect thereto, the Revolving Loans are held ratably by such Existing Lenders and Additional Lenders in accordance with the respective Revolving Commitments of such Lenders as set forth in Schedule 1.1A hereto and (C) pay to the Lenders the amounts, if any, payable under Section 2.15 as a result of any such prepayment. Concurrently therewith, the Lenders shall be deemed to have adjusted their participation interests in any outstanding Letters of Credit so that such interests are held ratably in accordance with their Revolving Commitments as set forth in Schedule 1.1A hereto. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to this clause (b).

10.23 Acknowledgment Regarding Any Supported QFCs.

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for hedging agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the

Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "<u>Covered Party</u>") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

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AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), dated as of December 30, 2020, is made by and between Colony Capital, Inc., a Maryland corporation ("CLNY"), and Neale W. Redington (the "Executive"). CLNY, together with its subsidiaries is hereinafter referred to as "the Company," and where the context permits, references to "the Company" shall include the Company and any successor to the Company.

WHEREAS, Executive is currently employed by the Company and Executive and the Company previously entered into an Employment Agreement dated as of January 14, 2019 (the "Original Agreement"); and

WHEREAS, CLNY and Executive desire to amend and restate the Original Agreement, effective as of January 1, 2021 (the "Effective Date"), setting forth the terms by which the Executive will continue to be employed by Colony Capital Operating Company, LLC or one of its subsidiaries (as applicable, the "Operating Entity") and will serve as the Managing Director, Chief Financial Officer of CLNY's non-digital businesses.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants, terms and conditions set forth herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. EMPLOYMENT TERM. The Executive's employment under the terms and conditions of this Agreement shall commence on the Effective Date and shall expire on June 30, 2022 (the "Term"). The period during which the Executive is employed by the Company during the Term pursuant to this Agreement is referred to herein as the "Employment Term". Notwithstanding anything set forth in this Section 1 to the contrary, the Employment Term and the Executive's employment shall earlier terminate immediately upon the termination of the Executive's employment pursuant to Section 4 hereof.

2. POSITION; REPORTING AND DUTIES; LOCATION.

(a) Position and Reporting. During the Employment Term, the Executive shall serve as the Managing Director, Chief Financial Officer of CLNY's non-digital businesses. The Executive shall report directly to the Chief Financial Officer of the Company during the Employment Term.

(b) Duties and Responsibilities.

(i) During the Employment Term, the Executive shall devote his full business time (excepting vacation time, holidays, sick days and periods of disability) and attention to the performance of his duties hereunder, shall faithfully serve the Company and shall have no other employment which is undisclosed to the Company or which conflicts with his duties under this Agreement; provided, that, nothing contained herein shall prohibit the Executive from (A) participating in trade associations or industry organizations, (B) engaging in charitable, civic, educational or political activities, (C) delivering lectures or fulfilling speaking engagements, (D) engaging in personal investment activities and personal real estate-related activities for himself and his family or (E) accepting directorships or similar positions (together, the "Personal Activities"), in each case so long as the Personal Activities do not unreasonably interfere, individually or in the aggregate, with the performance of the Executive's duties to the Company under this Agreement. The Company hereby acknowledges and approves the current activities of the Executive as set forth on Schedule 1 hereto, each of which shall be deemed a Personal Activity. Notwithstanding the foregoing, to the extent that the Personal Activities include the Executive providing services to any for-profit company (excluding Colony Capital, LLC and CLNY, and any subsidiaries or portfolio companies thereof) as a member of such company's board of directors, only two such directorships shall be permitted as a Personal Activity.

(ii) In serving in his capacity as the Managing Director, Chief Financial Officer of CLNY's non-digital businesses during the Employment Term, the Executive shall (A) perform such duties and provide such services as are reasonably customary for such a position and (B) provide such other duties as reasonably requested from time to time by the Chief Financial Officer of CLNY.

(iii) The parties acknowledge and agree that all of the compensation and benefits provided to the Executive hereunder will be in respect of services performed by the Executive for the Operating Entity.

(c) Location of Employment. The Executive's principal place of business during the Employment Term shall be at the Company's office in Los Angeles, California and/or Irvine, California; provided, that, the Executive may be required to engage in travel during the Employment Term in the performance of his duties hereunder.

3. COMPENSATION AND BENEFITS.

(a) Base Salary. During the Employment Term, the Company will pay to the Executive a base salary at the annualized rate of not less than $350,000 (the base salary in effect from time to time, the "Base Salary"). The Base Salary will be paid to the Executive in accordance with the Company's customary compensation practices from time to time in effect for the Company's senior executive officers. The Chief Financial Officer of CLNY will review the Base Salary from time to time, but at least annually, during the Employment Term, but may not reduce the Executive's then-existing Base Salary without the Executive's prior written consent and agreement.

(b) Annual Cash Bonus

(i) For each calendar year during the Employment Term beginning with the calendar year in which the Effective Date occurs, the Executive shall be given an opportunity to earn an annual incentive cash bonus based on an evaluation by the Chief Financial Officer of CLNY of the Executive's performance in respect of the applicable calendar year; provided, that, the Chief Financial Officer of CLNY may determine prior to the beginning of any such calendar year to instead condition the payment of all or a portion of the cash bonus with respect to the applicable calendar year upon the achievement of performance measures as determined by the Chief Financial Officer of CLNY in consultation with the Executive (as applicable, the "Annual Bonus"). The Executive's target Annual Bonus for each calendar year during the Employment Term (including the calendar year in which the Effective Date occurs) shall be no less than $700,000 (such amount, as increased from time to time, the "Target Bonus Amount"). If the Chief Financial Officer of CLNY establishes reasonable performance measures as provided for above, the actual Annual Bonus amount paid to the Executive in respect of any calendar year during the Employment Term shall be based on the achievement of the applicable performance measures and may be less or more than the applicable Target Bonus Amount. The Chief Financial Officer of CLNY will review the Target Bonus Amount from time to time, but at least annually, during the Employment Term, but may not reduce the Executive's then-existing Target Bonus Amount without the Executive's prior written consent and agreement. The Executive's Annual Bonus for the calendar year in which the Effective Date occurs shall not be pro-rated.

(ii) Any Annual Bonus payment that becomes payable to the Executive hereunder will be paid to him in a cash lump sum by no later than March 15 of the calendar year following the calendar year to which it relates (and no later than the date on which bonuses are paid to other senior executive officers of CLNY); provided, that, except as otherwise set forth in this Agreement, the Executive is an active employee as of, and has not given or received notice of termination of employment as of, the date such payment would otherwise be made.

(c) Equity Incentives and Related Awards.

(i) For each calendar year during the Employment Term beginning with the calendar year in which the Effective Date occurs, the Executive shall be eligible to receive equity and equity-based incentive awards ("LTIP Awards"), with an annual target LTIP Award opportunity of no less than $788,000 (the target amount in effect from time to time, the "Target LTIP Award"). The Chief Financial Officer of CLNY will review the Target LTIP Award (and any applicable performance measures) from time to time, but at least annually, during the Employment Term, but may not reduce the Executive's then-existing Target LTIP Award without the Executive's prior written consent and agreement.

(ii) The Executive shall (x) continue to receive allocations in respect of carried interests, incentive fees and other such remuneration in respect of funds and similar vehicles, as applicable, managed by the Company that were granted to the Executive prior to the Effective Date and (y) be eligible to be granted new allocations in respect of carried interests, incentive fees and other such remuneration in respect of funds and similar vehicles, as applicable, managed by the Company (collectively, "Fund Incentives"). Allocations of all Fund Incentives shall be made as determined by the Chief Executive Officer of CLNY (or a committee delegated by the Chief Executive Officer of CLNY) in consultation with the Executive.

(iii) The terms and conditions (including with respect to vesting) of any LTIP Awards and Fund Incentives shall be no less favorable than the terms and conditions of any LTIP Awards and Fund Incentives, as applicable, granted to the executive officers of the Company during the same calendar year.

(d) Retirement, Welfare and Fringe Benefits. During the Employment Term, the Executive shall be eligible to participate in the retirement savings, medical, disability, life insurance, perquisite and other welfare and fringe benefit plans applicable to senior executive officers of CLNY (which will include emergency airlift (if needed) from locations outside the United States to the United States) generally in accordance with the terms of such plans as are in effect from time to time. The foregoing shall not be construed to limit the ability of the Company to amend, modify or terminate any such benefit plans, policies or programs in accordance with their terms or to cease providing such benefit plans, policies or programs at any time and from time to time; provided, that, subject to the last sentence of this Section 3(d), the terms and conditions imposed on Executive's participation in such plans, policies or programs and any adverse amendments, terminations and modifications are at least as favorable to Executive as those applicable to other senior executives. In addition, the Executive shall continue to receive the other fringe benefits and perquisites provided to the Executive by CLNY and its affiliates immediately prior to the Effective Date.

(e) Paid Time Off. During the Employment Term, the Executive shall be eligible to participate in the paid time off policies generally applicable to CLNY's senior executives as are in effect from time to time.

(f) Business Expenses. The Company shall pay or reimburse the Executive for all reasonable out-of-pocket expenses that the Executive incurs in connection with his employment during the Employment Term or his employment by CLNY during the 90- day period prior to the Effective Date upon presentation of expense statements or vouchers and such other information as the Company may require in accordance with the generally applicable policies and procedures of the Company applicable to CLNY's senior executive officers as are in effect from time to time. No expense payment or reimbursement under this Section 3(f) shall be "grossed up" or increased to take into account any tax liability incurred by the Executive as a result of such payment or reimbursement.

(g) Insurance; Indemnification. The Executive shall be covered by such comprehensive directors' and officers' liability insurance and errors and omissions liability insurance as the Company shall have established and maintained in respect of its directors and officers generally at its expense, and the Company shall cause such insurance policies to be maintained in a manner reasonably acceptable to the Executive both during and, in accordance with the provisions of Section 4(a)(i)(D) below, after Executive's employment with the Company. The Executive shall also be entitled to indemnification rights, benefits and related expense advances and reimbursements to the same extent as any other director or officer of CLNY and to the maximum extent permitted under applicable law pursuant to an indemnification agreement (the "Indemnification Agreement").

(h) Attorneys' Fees. The Company shall promptly pay or reimburse the Executive for reasonable attorneys' fees incurred by the Executive in connection with the review, negotiation, drafting and execution of this Agreement and any related arrangements, in an aggregate amount not to exceed $10,000, subject to the Executive providing the Company with reasonable documentation of such fees within 30 days following the Effective Date. The Company shall reimburse the Executive for such fees within 10 business days following Executive's submission to the Company of the documentation evidencing the fees.

4. TERMINATION OF EMPLOYMENT.

(a) General Provisions.

(i) Upon any termination of Executive's employment with the Company, the Executive shall be entitled to receive the following: (A) any accrued but unpaid Base Salary and vacation (determined in accordance with Company policy) through the date of termination (paid in cash within 30 days (or such shorter period required by applicable law) following the date of termination); (B) reimbursement for expenses and fees incurred by the Executive prior to the date of termination in accordance with Sections 3(f) and 3(h); (C) vested and accrued benefits, if any, to which the Executive may be entitled under the Company's employee benefit plans as of the date of termination; and (D) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of the Company (including continuing "tail" indemnification and directors and officers liability insurance for actions and inactions occurring while the Executive provided services for CLNY and its affiliates and continued coverage for any actions or inactions by the Executive while providing cooperation under this Agreement), including any such plan, program, agreement or arrangement relating to equity or equity-based awards (the amounts and benefits described in clauses (A) through (D) above, collectively, the "Accrued Benefits"). The Accrued Benefits shall in all events be paid in accordance with the Company's payroll procedures, expense reimbursement procedures or plan terms, as applicable.

(ii) During any notice period required under this Section 4, (A) the Executive shall remain employed by the Company and shall continue to be bound by all the terms of this Agreement and any other applicable duties and obligations to the Company, (B) the Company may direct the Executive not to report to work, and (C) the Executive shall only undertake such actions on behalf of the Company, consistent with his position, as expressly directed by the Company.

(b) Termination for Cause or by the Executive without Good Reason.

(i) The Employment Term and the Executive's employment hereunder may be terminated at any time either (A) by the Company for "Cause" (as defined and determined below), effective as set forth in Section 4(b)(iii), or (B) by the Executive without Good Reason, effective 30 days following the date on which notice of such termination is given by the Executive to the Company.

(ii) If the Executive's employment is terminated by the Company for Cause, or by the Executive without Good Reason on or prior to December 31, 2021, the Executive shall only be entitled to receive the Accrued Benefits. If the Executive's employment is terminated by the Executive without Good Reason on or after January 1, 2022, the Executive shall be entitled to be paid the amounts or provided the benefits set forth in Section 4(c)(i).

(iii) For purposes of this Agreement, a termination for "Cause" shall mean a termination of the Executive's employment with the Company because of (A) the Executive's conviction of, or plea of no contest to, any felony under the laws of the United States or any state within the United States (other than a traffic-related felony) which termination shall become effective immediately as of the date the Board determines to terminate the Agreement, which action must be taken on or after the date of such conviction or plea or within 60 days thereafter; (B) the Executive's willful and gross misconduct in connection with the performance of his duties to the Company (other than by reason of his incapacity or disability), it being expressly understood that the Company's dissatisfaction with the Executive's performance shall not constitute Cause; or (C) a continuous, willful and material breach by the Executive of this Agreement after written notice of such breach has been provided to the Executive by the Board, provided, that, in no event shall any action or omission in subsections (B) or (C) constitute "Cause" unless (1) the Company gives notice to the Executive stating that the Executive will be terminated for Cause, specifying the particulars thereof in reasonable detail and the effective date of such termination (which shall be no less than 10 business days following the date on which such written notice is received by the Executive) and (2) the Executive fails or refuses to materially cure or cease such misconduct or breach within 10 business days after such written notice is given to him. For purposes of the foregoing sentence, no act, or failure to act, on the Executive's part shall be considered willful unless done or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company, and any act or omission by the Executive pursuant to the authority given pursuant to a resolution duly adopted by the Board or on the advice of counsel for the Company will be deemed made in good faith and in the best interests of the Company.

(c) Termination by the Company without Cause or by the Executive for Good Reason.

(i) The Employment Term and the Executive's employment hereunder may be terminated (A) by the Company at any time without Cause, effective four business days following the date on which written notice to such effect is delivered to the Executive, or (B) by the Executive for "Good Reason" (as defined and determined below), effective as set forth in Section 4(c)(iii). If the Executive's employment is terminated by the Company without Cause, by the Executive for Good Reason or by the Executive without Good Reason on or after January 1, 2022 (which for purposes of this Section 4(c)(i) shall include a termination of the Executive's employment resulting from an expiration of the Term), the Company shall pay or provide to the Executive (A) the Accrued Benefits and (B) upon the Executive's execution of a separation agreement containing a general release of claims substantially in the form attached as Exhibit A hereto (the "Release"), and the expiration of the applicable revocation period with respect to such Release within 60 days following the date of termination (the date on which the Release becomes effective, the "Release Effective Date"):

(A) A lump sum cash payment equal to the product of (i) two and (ii)the sum of (1) the Base Salary in effect immediately prior to the date of termination (without regard to any reduction that gives rise to Good Reason) and (2) (x) if such termination occurs on or after January 1, 2022, the average Annual Bonus paid or to be paid in respect of calendar years 2019, 2020 and 2021 or (y) if such termination occurs prior to January 1, 2022, the Target Bonus Amount in effect immediately prior to the date of termination (without regard to any reduction that gives rise to Good Reason), payable on the first regularly scheduled payroll date of the Company following the Release Effective Date and in no event later than the 60th day following the date of termination (the actual date of payment, the "Severance Payment Date"); provided, that, if the 60 day period referenced in Section 4(c)(ii) begins in one calendar year and ends in a subsequent calendar year, the Severance Payment Date will in all events occur in the second calendar year;

(B) A lump sum cash payment equal to the Annual Bonus, if any, that the Executive would have received in respect of the calendar year prior to the calendar year in which the termination occurs had the Executive remained an active employee of the Company, based on the achievement of the applicable performance measures, to the extent unpaid as of the termination date, payable on the date such amount would have been paid had the Executive continued in employment (the "Unpaid Bonus");

(C) A lump-sum payment equal to the product of (1) the Target Annual Bonus in effect for the calendar year in which the termination occurs, and (2) a fraction, the numerator of which shall equal the number of days during the year in which the termination date occurs that the Executive was employed by the Company and the denominator of which shall equal 365, payable on the Severance Payment Date (the "Pro- Rated Bonus");

(D) Continuation of the Company's contributions necessary to maintain the Executive's coverage for the 24 calendar months immediately following the end of the calendar month in which the termination date occurs under the medical, dental and vision programs in which the Executive participated immediately prior to his termination of employment (and such coverage shall include the Executive's eligible dependents); provided, that, if the Company determines in good faith that such contributions would cause adverse tax consequences to the Company or the Executive under applicable law, the Company shall instead provide the Executive with monthly cash payments during such 24- month period in an amount that, after reduction for applicable taxes (assuming the Executive pays taxes at the highest marginal rates in the applicable jurisdictions), is equal to the amount of the Company's monthly contributions referenced above. The applicable period of health benefit continuation under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") shall begin on the expiration of such 24-month period; and

(E) Full vesting as of the date of termination of any and all equity or equity-based awards relating to the securities of the Company and any Fund Incentives that are outstanding and unvested immediately prior to the date of such termination.

(ii) For purposes of this Agreement, "Good Reason" shall mean any action by the Company, in each case without the Executive's prior written consent, that (A) results in a material diminution in the Executive's duties, authority or responsibilities or a diminution in the Executive's title or position; (B) requires the Executive to report to any person other than the Chief Financial Officer of CLNY; (C) reduces the Base Salary, Target Annual Bonus or Target LTIP Award then in effect; (D) relocates the Executive's principal place of employment to a location more than 25 miles from the location in effect immediately prior to such relocation; or (E) constitutes a material breach by the

Company of this Agreement or any other material agreement between the Executive and the Company; provided, that, in no event shall the occurrence of any such condition constitute Good Reason unless (1) the Executive gives notice to the Company of the existence of the Executive's knowledge of the condition giving rise to Good Reason within 90 days following its initial existence,

(2) the Company fails to cure such condition within 30 days following the date such notice is given and (3) the Executive terminates his employment with the Company within 30 days following the expiration of such cure period.

(d) Termination Due to Death or Disability.

(i) The Employment Term and the Executive's employment hereunder

(A) may be terminated by the Company as a result of the Executive's "Disability" (as defined and determined below) and (B) shall terminate immediately as a result of the Executive's death.

(ii) If the Executive's employment is terminated by the Company as a result of the Executive's Disability or terminates as a result of the Executive's death, the Company shall provide the Executive (or his estate) with: (A) the Accrued Benefits, (B) the Unpaid Bonus, (C) a lump sum payment equal to the Pro-Rated Bonus with respect to the calendar year in which the termination occurs and (D) full vesting as of the date of termination of any and all equity or equity-based awards relating to the securities of the Company and any Fund Incentives that are outstanding and unvested immediately prior to the date of such termination.

(iii) For purposes of this Agreement, "Disability" shall mean a physical or mental incapacity that substantially prevents the Executive from performing his duties hereunder and that has continued for at least 180 consecutive days. Any dispute as to whether or not the Executive is disabled within the meaning of the preceding sentence shall be resolved by a qualified, independent physician reasonably satisfactory to the Executive and the Company, and the determination of such physician shall be final and binding upon both the Executive and the Company. All fees and expenses of any such physician shall be borne solely by the Company.

(e) Continued Employment following Employment Term. If the Executive's employment with the Company continues beyond June 30, 2022, the Executive shall thereafter be considered an "at-will" employee and shall not be entitled to any payments or benefits under this Agreement upon any subsequent termination of employment for any reason whatsoever.

(f) Return of Property. Upon any termination of the Executive's employment hereunder, the Executive shall as soon as practicable following such termination deliver or cause to be delivered to the Company the tangible property owned by the Company, which is in the possession or control of the Executive. Notwithstanding the foregoing, the Executive shall be permitted to retain his calendar and his contacts and investor lists, all compensation-related plans and agreements, any documents reasonably needed for personal tax purposes and his personal notes, journals, diaries and correspondence (including personal emails). In addition, the Executive shall be able to retain his mobile phone(s) and personal computer(s) and his cell phone number(s).

(g) Resignation as Officer or Director. Unless requested otherwise by the Company, upon any termination of the Executive's employment hereunder the Executive shall resign each position (if any) that the Executive then holds as an officer or director of the Company. The Executive's execution of this Agreement shall be deemed the grant by the Executive to the officers of the Company of a limited power of attorney to sign in the Executive's name and on the Executive's behalf any such documentation as may be required to be executed solely for the limited purposes of effectuating such resignations.

(h) No Set-Off or Mitigation. The Company's obligations to make payments under this Agreement shall not be affected by any set-off, counterclaim, recoupment or other claim the Company or any of its affiliates may have against the Executive. The Executive does not need to seek other employment or take any other action to mitigate any amounts owed to the Executive under this Agreement, and those amounts shall not be reduced if the Executive does obtain other employment.

5. RESTRICTIVE COVENANTS. The Executive has entered into the Restrictive Covenant Agreement, substantially in the form attached as Exhibit B hereto (the "Restrictive Covenant Agreement"), which was effective as of January 1, 2019. The Restrictive Covenant Agreement shall continue in effect at all applicable times as of and following January 1, 2019 in accordance with the terms and conditions thereof.

6. SECTION 280G.

(a) Treatment of Payments. Notwithstanding anything in this Agreement or any other plan, arrangement or agreement to the contrary, in the event that an independent, nationally recognized, accounting firm which shall be designated by the Company with the Executive's written consent (which consent shall not be unreasonably withheld) (the "Accounting Firm") shall determine that any payment or benefit received or to be received by the Executive from the Company or any of its affiliates or from any person who effectuates a change in control or effective control of the Company or any of such person's affiliates (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, the "Total Payments") would fail to be deductible under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise would be subject (in whole or part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax") then the Accounting Firm shall determine if the payments or benefits to be received by the Executive that are subject to Section 280G of the Code shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but such reduction shall occur if and only to the extent that the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes, and employment, Social Security and Medicare taxes on such reduced Total Payments), is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes and employment, Social Security and Medicare taxes on such Total Payments and the amount of Excise Tax (or any other excise tax) to which the Executive would be subject in respect of such unreduced Total Payments). For purposes of this Section 6(a), the above tax amounts shall be determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied (or is likely to apply) to the Executive's taxable income for the tax year in which the transaction which causes the application of Section 280G of the Code occurs, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Executive in the relevant tax year(s) in which any of the Total Payments is expected to be made. If the Accounting Firm determines that the Executive would not retain a larger amount on an after-tax basis if the Total Payments were so reduced, then the Executive shall retain all of the Total Payments.

(b) Ordering of Reduction. In the case of a reduction in the Total Payments pursuant to Section 6(a), the Total Payments will be reduced in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) will be next reduced pro-rata.

(c) Certain Determinations. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code will be taken into account; (ii) no portion of the Total Payments will be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the Accounting Firm, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Accounting Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. The Executive and the Company shall furnish such documentation and documents as may be necessary for the Accounting Firm to perform the requisite calculations and analysis under this Section 6 (and shall cooperate to the extent necessary for any of the determinations in this Section 6(c) to be made), and the Accounting Firm shall provide a written report of its determinations hereunder, including detailed supporting calculations. If the Accounting Firm determines that aggregate Total Payments should be reduced as described above, it shall promptly notify the Executive and the Company to that effect. In the absence of manifest error, all determinations by the Accounting Firm under this Section 6 shall be binding on the Executive and the Company and shall be made as soon as reasonably practicable and in no event later than 15 days following the later of the Executive's date of termination of employment or the date of the transaction which causes the application of Section 280G of the Code. The Company shall bear all costs, fees and expenses of the Accounting Firm and any legal counsel retained by the Accounting Firm.

(d) Additional Payments. If the Executive receives reduced payments and benefits by reason of this Section 6 and it is established pursuant to a determination of a court of competent jurisdiction which is not subject to review or as to which the time to appeal has expired, or pursuant to an Internal Revenue Service proceeding, that the Executive could have received a greater amount without resulting in any Excise Tax, then the Company shall thereafter pay the Executive the aggregate additional amount which could have been paid without resulting in any Excise Tax as soon as reasonably practicable following such determination.

7. ASSIGNMENT; ASSUMPTION OF AGREEMENT. No right, benefit or interest hereunder shall be subject to assignment, encumbrance, charge, pledge, hypothecation or setoff by the Executive in respect of any claim, debt, obligation or similar process. This Agreement may not be assigned by CLNY and CLNY will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

8. PERMITTED TRANSFERS. CLNY acknowledges and agrees that any transfer Colony Capital Holdings, LLC of OP Common Units (as defined in the LLC Agreement of the Operating Entity) to Executive in compliance with the lock-up agreements applicable thereto will be deemed to constitute a transfer that is "expressly authorized" under a Non- Managing Ancillary Agreement and shall constitute a "Permitted Transfer" for purposes of the LLC Agreement of the Operating Entity.

9. MISCELLANEOUS PROVISIONS.

(a) No Breach of Obligation to Others. The Executive represents and warrants that his entering into this Agreement does not, and that his performance under this Agreement and consummation of the transactions contemplated hereby and thereby will not, violate the provisions of any agreement or instrument to which the Executive is a party or any decree, judgment or order to which the Executive is subject, and that this Agreement constitutes a valid and binding obligation of the Executive enforceable against the Executive in accordance with its terms.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements entered into and to be performed entirely within such state.

(c) Entire Agreement. This Agreement, together with the documents referred to herein, constitutes and expresses the whole agreement of the parties hereto with reference to any of the matters or things herein provided for or herein before discussed or mentioned with reference to the Executive's employment with the Company, and it cancels and replaces the Original Agreement as well as any and all prior understandings, agreements and term sheets between the Executive and CLNY and any of its subsidiaries or affiliates; provided, that, this Agreement shall not alter, amend or supersede (i) any Fund Incentives issued to Executive by Colony Capital, LLC or CLNY in connection with his prior employment, (ii) any interest the Executive or any of his affiliates may have in any general partner of any fund or related entity managed by the Company, (iii) any rights the Executive may have under the Contribution Agreement dated as of December 23, 2014 (the "Contribution Agreement") by and among Colony Financial, Inc. (now known as Colony Capital, Inc.), Colony Capital, LLC, Colony Capital Holdings, LLC, and the other parties thereto, as has been and as may hereinafter be amended from time to time; (iv) the Ancillary Documents (as defined in the Contribution Agreement), (v) the Indemnification Agreement referenced in Section 3(g) of this Agreement to which the Executive or any of his affiliates is a party or beneficiary and (vi) any equity grant made by CLNY to the Executive prior to the Effective Date. All promises, representations, collateral agreements and understandings not expressly incorporated in this Agreement are hereby superseded by this Agreement.

(d) Notices. All notices, requests, demands and other communications required or permitted hereunder must be made in writing and will be deemed to have been duly given and effective: (a) on the date of delivery, if delivered personally; (b) on the earlier of the fourth day after mailing or the date of the return receipt acknowledgment, if mailed, postage prepaid, by certified or registered mail, return receipt requested; (c) on the date of transmission, if sent by facsimile; or (d) on the date of requested delivery if sent by a recognized overnight courier:

If to the Company: Colony Capital, Inc.
515 South Flower Street, 44th Floor
Los Angeles, CA 90071 Attention: Chief Executive Officer

If to the Executive: to the last address of the Executive
in the Company's records specifically identified for notices under this Agreement

or to such other address as is provided by a party to the other from time to time.

(e) Survival. The representations, warranties and covenants of the Executive contained in this Agreement will survive any termination of the Executive's employment with the Company.

(f) Amendment; Waiver; Termination. No provision of this Agreement may be amended, modified, waived or discharged unless such amendment, modification, waiver or discharge is agreed to in writing and signed by the Executive and CLNY. No waiver by either party hereto at any time of any breach by the other party hereto of compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(g) Further Assurances. The parties hereto will from time to time after the date hereof execute, acknowledge where appropriate and deliver such further instruments and take such other actions as any other party may reasonably request in order to carry out the intent and purposes of this Agreement.

(h) Severability. If any term or provision hereof is determined to be invalid or unenforceable in a final court or arbitration proceeding, (i) the remaining terms and provisions hereof shall be unimpaired and (ii) to the extent permitted by applicable law, the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(i) Arbitration. Except as otherwise set forth in the Restrictive Covenant Agreement, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties hereto shall be settled exclusively by arbitration in Los Angeles, California, before a panel of three neutral arbitrators, each of whom shall be selected jointly by the parties, or, if the parties cannot agree on the selection of the arbitrators, as selected by the American Arbitration Association. The commercial arbitration rules of the American Arbitration Association (the "AAA Rules") shall govern any arbitration between the parties, except that the following provisions are included in the parties' agreement to arbitrate and override any contrary provisions in the AAA Rules:

(i) The agreement to arbitrate and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of California, without regard to conflict or choice of law rules;

(ii) The California Arbitration Act shall govern the arbitration, the agreement to arbitrate, and any proceedings to enforce, confirm, modify or vacate the award;

(iii) The arbitrators shall apply California law;

(iv) Any petition or motion to modify or vacate the award shall be filed in a Superior Court in California (the "Court");

(iv) The award shall be written, reasoned, and shall include findings of fact as to all factual issues and conclusions of law as to all legal issues;

(v) Either party may seek a de novo review by the Court of the conclusions of law included in the award and any petition or motion to enforce, confirm, modify or vacate the award; and

(vi) The arbitration shall be confidential. Judgment may be entered on the arbitrators' award in any court having jurisdiction.

The parties hereby agree that the arbitrators shall be empowered to enter an equitable decree mandating specific enforcement of the terms of this Agreement. Each party shall bear its own legal fees and out-of-pocket expenses incurred in any arbitration hereunder and the parties shall share equally all expenses of the arbitrators; provided, that, the arbitrator shall have the same authority to award reasonable attorneys' fees to the prevailing party in any arbitration as part of the arbitrator's award as would be the case had the dispute or controversy been argued before a court with competent jurisdiction.

(j) Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. In the event that any provision of Agreement or any other agreement or award referenced herein is mutually agreed by the parties to be in violation of Section 409A of the Code, the parties shall cooperate reasonably to attempt to amend or modify this Agreement (or other agreement or award) in order to avoid a violation of Section 409A of the Code while attempting to preserve the economic intent of the applicable provision. Notwithstanding anything contained herein to the contrary, the Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until the Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement or any other arrangement between the Executive and the Company during the six-month period immediately following the Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or, if earlier, the Executive's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Executive under this Agreement shall be paid to the Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Executive) during one year may not affect amounts reimbursable or provided in any subsequent year. CLNY makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. For purposes of this Section 9(j), Section 409A of the Code shall include all regulations and guidance promulgated thereunder.

(k) Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

(l) Construction. The parties acknowledge that this Agreement is the result of arm's- length negotiations between sophisticated parties, each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of the same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

(m) Counterparts. This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed an original, but both such counterparts shall together constitute one and the same document.

(n) Tax Withholding. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to guarantee any particular tax result for the Executive with respect to any payment provided to the Executive hereunder, and the Executive shall be responsible for any taxes imposed on Executive with respect to any such payment.

(o) Cooperation. For a period of 12 months following the termination of the Executive's employment with the Company for any reason, the Executive shall provide reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events during the Executive's employment hereunder of which the Executive has knowledge. The Company shall reimburse the Executive for the Executive's reasonable travel expenses incurred in connection with the foregoing, in accordance with the Company's policies (and consistent with the Executive's travel practices during the Executive's employment with the Company) and subject to the delivery of reasonable support for such expenses. Any such requests for cooperation shall be subject to the Executive's business and personal schedule and the Executive shall not be required to cooperate against his own legal interests or the legal interests of his employer or partners or business ventures. In the event the Executive reasonably determines that he needs separate legal counsel in connection with his cooperation, the Company shall reimburse the Executive for the reasonable costs of such counsel as soon as practicable (and in any event within 30 days) following its receipt of an invoice for such costs. In the event the Executive is required to cooperate for more than 8 hours in any 12-month period, the Executive shall be paid an hourly consulting fee in an amount mutually agreed between the Company and Executive at the time.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COLONY CAPITAL, INC.

/s/ Donna Hansen

____

Name: Donna Hansen
Title: Vice President

EXECUTIVE

/s/ Neale W. Redington

____

Neale W. Redington

Schedule 1

Current Activities

Exhibit A

Form of Release

Neale W. Redington ("Executive"), a former employee of Colony Capital, Inc. ("CLNY" and together with its subsidiaries, the "Employer"), hereby enters into and agrees to be bound by this General Waiver and Release of Claims (the "Release"). Executive acknowledges that he is required to execute this Release in order to be eligible for certain post-termination benefits (the "Post-Termination Benefits") as set forth in Section 4(c)(ii) of his Employment Agreement with CLNY, dated December __, 2020 (the "Employment Agreement"). Unless otherwise indicated, capitalized terms used but not defined herein shall have the meanings specified in the Employment Agreement.

1. SEPARATION DATE. Executive acknowledges and agrees that his separation from Employer was effective as of______, 20XX (the "Separation Date").

2. WAGES FULLY PAID. Executive acknowledges and agrees that he has received payment in full for all salary and other wages, including without limitation any accrued, unused vacation or other similar benefits earned through the Separation Date.

3. EXECUTIVE'S GENERAL RELEASE OF CLAIMS**.**

(a) Waiver and Release. Pursuant to Section 4(c)(ii) of the Employment Agreement, and in consideration of the Post-Termination Benefits to be provided to Executive as outlined in the Employment Agreement and this Release as set forth herein, Executive, on behalf of himself and his heirs, executors, administrators and assigns, forever waives, releases and discharges Employer, its officers, directors, owners, shareholders and agents (collectively referred to herein as, the "Employer Group"), and each of its and their respective officers, directors, shareholders, members, managers, employees, agents, servants, accountants, attorneys, heirs, beneficiaries, successors and assigns (together with the Employer Group, the "Employer Released Parties"), from any and all claims, demands, causes of actions, fees, damages, liabilities and expenses (including attorneys' fees) of any kind whatsoever, whether known or unknown, that Executive has ever had or might have against the Employer Released Parties that directly or indirectly arise out of, relate to, or are connected with, Executive's services to, or employment by the Company, including, but not limited to (i) any claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, as amended, the Equal Pay Act, as amended, the Employee Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of Title 42 of the United States Code, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Age Discrimination in Employment Act, as amended, the Uniform Services Employment and Reemployment Rights Act, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, and/or any other federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released and

(ii) any tort and/or contract claims, including any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. Executive acknowledges that if the Equal Employment Opportunity Commission or any other administrative agency brings any charge or complaint on his behalf or for his benefit, this Release bars Executive from receiving, and Executive hereby waives any right to, any monetary or other individual relief related to such a charge or complaint. This Release, however, excludes (i) any claims made under state workers' compensation or unemployment laws, and/or any claims that cannot be waived by law, (ii) claims with respect to the breach of any covenant (including any payments under the Employment Agreement) to be performed by Employer after the date of this Release, (iii) any rights to indemnification or contribution or directors' and officers' liability insurance under the Employment Agreement, Indemnification Agreement, any operative documents of the Company or any applicable law, (iv) any claims as a holder of Company equity awards under the Company's equity incentive plans or as a holder of Fund Incentives; and (v) any claims for vested benefits under any employee benefit plan (excluding any severance plan and including claims under the Consolidated Omnibus Budget Reconciliation Act of 1985) or any claims that may arise after the date Executive signs the Release.

(b) Waiver of Unknown Claims; Section 1542. Executive intends to fully waive and release all claims against Employer; therefore, he expressly understands and hereby agrees that this Release is intended to cover, and does cover, not only all known injuries, losses or damages, but any injuries, losses or damages that he does not now know about or anticipate, but that might later develop or be discovered, including the effects and consequences of those injuries, losses or damages. Executive expressly waives the benefits of and right to relief under California Civil Code Section 1542 ("Section 1542"), or any similar statute or comparable common law doctrine in any jurisdiction. Section 1542 provides:

> Section 1542. (General Release-Claims Extinguished) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Executive understands and acknowledges the significance and consequences of this specific waiver of Section 1542 and, having had the opportunity to consult with legal counsel, hereby knowingly and voluntarily waives and relinquishes any rights and/or benefits which he may have thereunder. Without limiting the generality of the foregoing, Executive acknowledges that by accepting the benefits and payments offered in exchange for this Release, he assumes and waives the risks that the facts and the law may be other than he believes and that, after signing this Release, he may discover losses or claims that are released under this Release, but that are presently unknown to him, and he understands and agrees that this Release shall apply to any such losses or claims.

(c) Acknowledgement of ADEA Waiver. Without in any way limiting the scope of the foregoing general release of claims, Executive acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 (the "ADEA") and that such waiver and release is knowing and voluntary. This waiver and release does not govern any rights or claims that might arise under the ADEA after the date this Release is signed by Executive. Executive acknowledges that: (i) the consideration given for this Release is in addition to anything of value to which Executive otherwise would be entitled to receive; (ii) he has been advised in writing to consult with an attorney of his choice prior to signing this Release; (iii) he has been provided a full and ample opportunity to review this Release, including a period of at least twenty-one (21) days within which to consider it (which will not be lengthened by any revisions or modifications); (iv) he has read and fully understands this Release and has had the opportunity to discuss it with an attorney of his choice; (v) to the extent that Executive takes less than twenty-one (21) days to consider this Release prior to execution, he acknowledges that he had sufficient time to consider this Release with counsel and that he expressly, voluntarily and knowingly waives any additional time; and (vi) Executive is aware of his right to revoke this Release at any time within the seven (7)-day period following the date on which he executes this Release. Executive further understands that he shall relinquish any right he has to Post- Termination Benefits described in the Employment Agreement if he exercises his right to revoke this Release. Notice of revocation must be made in writing and must be received by [Name, Title], no later than 5:00 p.m. Pacific Time on the seventh (7th) calendar day immediately after the day on which Executive executes this Release.

4. NO CLAIMS BY EXECUTIVE**.** Executive affirms and warrants that he has not filed, initiated or caused to be filed or initiated any claim, charge, suit, complaint, grievance, action or cause of action against Employer or any of the other Employer Released Parties.

5. NO ASSIGNMENT OF CLAIMS. Executive affirms and warrants that he has made no assignment of any right or interest in any claim which he may have against any of the Employer Released Parties.

6. ADVICE OF COUNSEL. Executive acknowledges: (a) that he has been advised to consult with an attorney regarding this Release; (b) that he has, in fact, consulted with an attorney regarding this Release; (c) that he has carefully read and understands all of the provisions of this Release; and (d) that he is knowingly and voluntarily executing this Release in consideration of the Post-Termination Benefits provided under the Employment Agreement.

[remainder of page intentionally left blank]

By his signature, Neale W. Redington hereby knowingly and voluntarily executes this Release as of the date indicated below.

Neale W. Redington

Dated: __

[Signature page to Neale W. Redington Release]

Exhibit B

Form of Restrictive Covenant Agreement Attached hereto.

December 18, 2020

<u>PERSONAL & CONFIDENTIAL</u>
Ms. Sonia Kim
[REDACTED]

Dear Sonia:

We are pleased to confirm the following arrangements concerning your employment. Effective January 1, 2021, the terms of your continuing employment with Colony Capital Advisors, LLC (the "Company") will be as follows.

Your employment will be in the exempt position of Managing Director, Chief Accounting Officer, at the Company's Los Angeles office.

<u>Salary</u>. Your compensation in this position will be an annual salary of $350,000, payable on the 15th and last day of each month.

<u>Incentive</u>. You will be eligible to receive a discretionary incentive following the end of each calendar year. Commencing with the discretionary incentive for the 2021 calendar year (the incentive payable in 2022), your target cash incentive will be 60% of your base salary and your target equity incentive will be 90% of your base salary. The payment of any incentive is subject to the sole and absolute discretion of the Company's management and Board of Directors. The Company's decision whether to award any incentive, and if so, in what amount, will be based on a variety of factors including your performance and the overall performance of the Company. The Company may also determine to change the allocation of your incentive from the targets set forth above. Any equity grants will be subject to the vesting and other terms of the respective grant agreements. To be eligible for a year-end discretionary incentive you must be actively employed in good standing on the date that any discretionary incentive is paid.

<u>Benefits.</u> You will be eligible to receive the Company's standard benefits package as is generally available to other comparable employees of the Company in accordance with the terms and conditions of the applicable benefit plans, programs, policies, regulations and practices. The current package includes medical, dental, vision, life insurance, disability insurance, and 401(k) plan participation. In addition, you will receive paid vacation, holiday and personal and sick days. The Company reserves the right to modify and change the employee benefits package at any time in its sole discretion.

<u>"At-will" Employment</u>. Your employment with the Company is and will continue to be "at-will," meaning that either you or the Company may terminate your employment at any time, with or without cause and with or without advance notice. Any contrary representations that may have been made to you are superseded by this letter. Only the Executive Chairman, the CEO or the EVP, Chief Financial Officer of the Company has the authority to make any such agreement and then only in writing. No other manager, supervisor, or employee of the Company has any authority to enter into an agreement for employment

for any specified period of time or to make an agreement on behalf of the Company for employment other than at-will.

No Other Employment. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the prior written consent of the Executive Chairman, the CEO, the EVP & Chief Financial Officer, or the Managing Director, Chief Risk & Compliance Officer of the Company.

Policies and Practices. As a Company employee, you will be expected to comply with all of the Company's employment policies and practices, as detailed in the Employee Handbook and other documents that may be issued to you. The Company reserves the right to rescind, amend or supplement the terms and conditions of your employment at any time.

Additional Agreements. You have previously signed the Employee Proprietary Information, Trade Secret and Confidentiality Agreement, Mutual Agreement to Arbitrate Claims and Compliance Manual. These documents and this letter confirm the total understanding as to the terms and conditions of your continued employment with the Company, including but not limited to salary, and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between you and the Company relating to the subject matter hereof. No other express or implied promises have been made to you.

Affiliates. You acknowledge that the Company may have parents, subsidiaries, and other affiliated entities. Your continued employment is with the Company only, and not any other related entity of the Company, even though the Company may ask you to provide services to one or more of its affiliated entities. No affiliate of the Company shall be deemed your employer under any circumstances.

Governing Law and Arbitration of Disputes. The validity, interpretation, construction and performance of this letter, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to the principles of conflicts of laws. Furthermore, any disputes arising out of or related to the employment relationship shall be governed pursuant to the Mutual Agreement to Arbitrate Claims.

Assignment. The Company may assign this letter to any of its affiliates, successors or assigns.

No Other Contractual Obligations. By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company including, but not limited to any non-competition, non-solicitation of employee or non-solicitation of customer agreement or understanding.

Counterparts. This letter may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement.

We are delighted to offer you this role with the Company and the terms outlined above.

Please confirm your acceptance by acknowledging with your signature below. The foregoing will not become effective unless you provide the Company within ten (10) days of the date hereof your signed copy of this letter.

Sincerely,

/s/ Jacky Wu

Jacky Wu
Executive Vice President & Chief Financial Officer

Accepted by:

/s/ Sonia Kim _December 18, 2020_______
Ms. Sonia Kim Date

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the "Agreement"), dated as of November 5, 2020, is entered into by and between Mark M. Hedstrom ("Executive") and Colony Capital, Inc. (f/k/a Colony Financial, Inc., and together with its subsidiaries, the "Employer"). Capitalized terms used but not defined herein shall have the meanings specified in the Employment Agreement by and between Employer and Executive, dated as of January 14, 2019 (the "Employment Agreement").

1. SEPARATION DATE. Executive and the Employer each acknowledges and agrees that Executive's separation from Employer shall be effective as of December 23, 2020 (the "Separation Date"). Executive acknowledges and agrees that, effective as of Separation Date and pursuant to Section 4(g) of the Employment Agreement, Executive will resign from any and all positions Executive held, as applicable as a director, officer or otherwise, with the Employer and its managed entities except as otherwise agreed by Executive and Employer or such other managed entity, as applicable, and Executive agrees to execute any and all further documents necessary or appropriate to further memorialize any or all of such resignations. During the period prior to the Separation Date, Executive's sole responsibilities shall be to (i) transition Executive's responsibilities as reasonably directed by Employer and (ii) complete those projects that Executive is currently working on as well as any new projects as mutually agreed to between Employer and Executive. During such time, it is expected that Executive shall continue to work remotely unless otherwise mutually agreed to between Employer and Executive.

2. SEVERANCE PAYMENTS AND BENEFITS. Executive and Employer acknowledge and agree that the payments and benefits set forth in this Section 2 (the "Post-Termination Benefits"), are the sole payments and benefits payable to Executive in connection with his termination of employment, notwithstanding that the Post-Termination Benefits in certain instances may be less than what Executive is entitled to pursuant to his Employment Agreement. Executive acknowledges and agrees that the Post-Termination Benefits provided for in Section 2(b) shall be subject to Executive executing the general release of claims attached hereto as Annex A (the "Supplemental Release") within twenty-one (21) days following the Separation Date pursuant to the terms hereof, and the applicable seven (7) calendar day revocation period expiring without revocation (the "Supplemental Release Condition"). Executive acknowledges and agrees Executive is not entitled to receive an Unpaid Bonus as Executive's 2019 cash bonus was paid on February 27, 2020.

(a). Executive shall be entitled to receive the Accrued Benefits at the time or times provided for in Section 4(a)(i) of the Employment Agreement.

(b). Subject to the occurrence of the Supplemental Release Condition, the following amounts shall be paid or provided to Executive in accordance with the terms of, and at the time(s) provided in, Section 4(c)(ii) of the Employment Agreement:

(i). A lump sum cash payment in the amount of $3,500,000 (the "Lump Sum Payment");

(ii). The Pro-Rated Bonus: $1,625,000;

(iii). Continuation of the Company's contributions necessary to maintain Executive's coverage for the twenty-four (24) calendar months immediately following the end of the calendar month in which the Separation Date occurs under the medical, dental and vision programs in which Executive participated immediately prior to his termination of employment (and such coverage shall include Executive's eligible dependents); provided, that, if the Company determines in good faith that such contributions would cause adverse tax consequences to the Company or Executive under applicable law, the Company shall instead provide Executive with monthly cash payments during such 24-month period in an amount that, after reduction for applicable taxes (assuming Executive pays taxes at the highest marginal rates in the applicable jurisdictions), is equal to the amount of the Company's monthly contributions referenced above. The applicable period of health benefit continuation under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") shall begin on the expiration of such 24-month period;

(iv). (A) All equity or equity-based awards actually issued to Executive by the Company prior to the Separation Date that vest solely based on Executive's continued employment shall be fully vested ("Time-Based Awards") and (B) all equity or equity-based awards actually issued to Executive by the Company prior to the Separation Date that vest based in whole or in part on the achievement of specified performance goals or metrics ("Performance Awards") shall remain outstanding and continue to vest based on the level of actual achievement of such performance goals or metrics, as determined in the same manner as applies to other recipients of such Performance Awards generally. A schedule of all Time-Based Awards and Performance Awards is set forth in the chart included on Exhibit B hereto; and

(v). Notwithstanding any provision in any award or partnership or similar agreement (including any provisions providing for vesting, forfeiture, performance conditions, repurchase, so-called claw back rights or similar provisions), all Fund Incentives issued to Executive on or prior to the Separation Date shall be fully vested. To the extent not issued prior to the Separation Date, Executive shall be issued vested Fund Incentives (the "Post-Separation Date Fund Incentives") with respect to (A) Digital Colony Partners II, L.P., with a sharing percentage of 0.25%, and (B) the Booster investment, with a sharing percentage of 5.38%; provided, that such Post-Separation Date Fund Incentives shall be issued at the same time as such incentives are issued to other recipients in the ordinary course of business. A schedule of Fund Incentives other than the Post-Separation Date Fund Incentives is set forth in the chart included on Exhibit B hereto.

3. EXECUTIVE'S GENERAL RELEASE OF CLAIMS.

(a). Waiver and Release. For and in consideration of continued employment with Employer through the Separation Date, the benefits provided for in this Separation and Release Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive, on behalf of himself and his heirs, executors,

administrators and assigns, forever waives, releases and discharges Employer, its officers, directors, owners, shareholders and agents (collectively referred to herein as, the "Employer Group"), and each of its and their respective officers, directors, shareholders, members, managers, employees, agents, servants, accountants, attorneys, heirs, beneficiaries, successors and assigns (together with the Employer Group, the "Employer Released Parties"), from any and all claims, demands, causes of actions, fees, damages, liabilities and expenses (including attorneys' fees) of any kind whatsoever, whether known or unknown, that Executive has ever had or might have against the Employer Released Parties that directly or indirectly arise out of, relate to, or are connected with, Executive's services to, or employment by the Company, including, but not limited to (i) any claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, as amended, the Equal Pay Act, as amended, the Employee Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of Title 42 of the United States Code, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Uniform Services Employment and Reemployment Rights Act, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, and/or any other federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released, and (ii) any tort and/or contract claims, including any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. Executive acknowledges that if the Equal Employment Opportunity Commission or any other administrative agency brings any charge or complaint on his behalf or for his benefit, the agreements in this Section 3 (this "Release") bars Executive from receiving, and Executive hereby waives any right to, any monetary or other individual relief related to such a charge or complaint. This Release, however, excludes
(i) any claims made under state workers' compensation or unemployment laws, and/or any claims that cannot be waived by law, (ii) claims with respect to the breach of any covenant (including any covenants under the Employment Agreement and this Separation and Release Agreement) to be performed by Employer after the date of this Release, (iii) any rights to indemnification or contribution or directors' and officers' liability insurance under the Employment Agreement, the Indemnification Agreement (as defined below), any operative documents of the Company or any applicable law, (iv) any claims as a holder of Company equity awards under the Company's equity incentive plans or as a holder of Fund Incentives, (v) any claims for vested benefits under any employee benefit plan (excluding any severance plan and including claims under the Consolidated Omnibus Budget Reconciliation Act of 1985) or any claims that may arise after the date Executive signs the Release, (vi) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of Employer or any Managed Company (including continuing "tail" indemnification and directors and officers liability insurance for actions and inactions occurring while the Executive provided services for Employer and its affiliates and continued coverage for any actions or inactions by the Executive while providing cooperation under this Agreement), including any such plan, program, agreement or arrangement relating to equity or equity-based awards, and (vii) the Post-Termination Benefits. For clarification, the parties acknowledge and agree that neither the Release nor the Supplemental Release modifies or releases the obligations of Colony Credit Real Estate Inc. ("CLNC") under any indemnification or other agreement between CLNC and Executive.

(b). Waiver of Unknown Claims; Section 1542. Executive intends to fully waive and release all claims against Employer; therefore, he expressly understands and hereby agrees that this Release is intended to cover, and does cover, not only all known injuries, losses or damages, but any injuries, losses or damages that he does not now know about or anticipate, but that might later develop or be discovered, including the effects and consequences of those injuries, losses or damages. Executive expressly waives the benefits of and right to relief under California Civil Code Section 1542 ("Section 1542"), or any similar statute or comparable common law doctrine in any jurisdiction. Section 1542 provides:

> Section 1542. (General Release-Claims Extinguished) A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Executive understands and acknowledges the significance and consequences of this specific waiver of Section 1542 and, having had the opportunity to consult with legal counsel, hereby knowingly and voluntarily waives and relinquishes any rights and/or benefits which he may have thereunder. Without limiting the generality of the foregoing, Executive acknowledges that by accepting the benefits and payments offered in exchange for this Release, he assumes and waives the risks that the facts and the law may be other than he believes and that, after signing this Release, he may discover losses or claims that are released under this Release, but that are presently unknown to him, and he understands and agrees that this Release shall apply to any such losses or claims.

4. NO CLAIMS BY EXECUTIVE. Executive affirms and warrants that he has not filed, initiated or caused to be filed or initiated any claim, charge, suit, complaint, grievance, action or cause of action against Employer or any of the other Employer Released Parties.

5. REDEMPTION OF MEMBERSHIP COMMON UNITS. Executive has advised Employer that he is the owner of certain beneficial interests as set forth in the Amended and Restated Limited Liability Company Agreement of Colony Capital Holdings LLC pursuant to which Executive is entitled to receive Membership Common Units (as such term is defined in the Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC (the "CCOC Agreement")). At all times hereafter, upon Executive's receipt of such Membership Common Units, Executive shall have the right to redeem any and all of such Membership Common Units in accordance with the terms and conditions of the CCOC Agreement, except that the Board of Directors of Employer has approved issuing to Executive Class A common stock of Employer as consideration for such redeemed Membership Common Units.

6. NO ASSIGNMENT OF CLAIMS. Executive affirms and warrants that he has made no assignment of any right or interest in any claim which he may have against any of the Employer Released Parties.

7. ADVICE OF COUNSEL. Executive acknowledges: (a) that he has been advised to consult with an attorney regarding this Agreement and the Release; (b) that he has, in fact, consulted with an attorney regarding this Agreement and the Release; (c) that he has carefully read and understands all of the provisions of this Agreement and the Release; and (d) that he is knowingly and voluntarily executing this Agreement and the Release.

8. INSURANCE; INDEMNIFICATION. Following the Separation Date, Executive shall continue to be covered by such comprehensive directors' and officers' liability insurance and errors and omissions liability insurance as the Employer has established and maintained in respect of its directors and officers generally for actions and inactions occurring while the Executive provided services for Employer and its managed entities and continued coverage for any actions or inactions by the Executive while providing cooperation under the Employment Agreement, at Employer's expense, and the Employer shall cause such insurance policies to be maintained in a manner reasonably acceptable to the Executive in accordance with the provisions of clause (vi) of the second to last sentence of Section 3(a) above. The Executive shall also be entitled to indemnification rights, benefits and related expense advances and reimbursements under applicable law and pursuant to the indemnification agreements previously entered into with Employer (the "Indemnification Agreement") all of which shall remain in full force and effect in accordance with their terms.

9. RESTRICTIVE COVENANTS.

(a). Executive and the Employer acknowledge and agree that Sections 3 and 4 of the Restrictive Covenant Agreement and the Restricted Period shall each terminate as of the Separation Date, but the remainder of the Restrictive Covenant Agreement shall remain in full force and effect in accordance with its terms. For the avoidance of doubt, Employer acknowledges and agrees that, following the Separation Date, but subject to Executive's compliance with those provisions of the Restrictive Covenant Agreement that shall remain in full force and effect, Executive shall not be prohibited from serving in any capacity for any business, including, but not limited to, as an employee, consultant, joint venture partner or board member.

(b). The Company acknowledges and agrees that nothing in the Release, the Restrictive Covenant Agreement, the Supplemental Release or otherwise shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state, or local governmental or law enforcement branch agency or entity ("Governmental Agency") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosure to any Governmental Agency, in each case, that are protected under the whistleblower provisions of any such law or regulation to the extent such communications and/or disclosures are consistent with applicable law. In addition, Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 ("DTSA") that he will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

10. COMMUNICATIONS. Employer and Executive shall cooperate in good faith regarding any public announcement of Executive's separation from employment with Employer, and Employer shall consider any timely comments from Executive related to any such communications in good faith.

11. FEES. Employer shall promptly pay or reimburse Executive for reasonable attorneys' fees incurred by Executive in connection with the review, negotiation, drafting and execution of this Agreement and the Supplemental Release and any agreements related thereto, including any consulting agreement Employee enters into to become effective immediately after the Separation Date, in an aggregate amount not to exceed $25,000, subject to Executive providing Employer with reasonable documentation of such fees. Employer shall reimburse Executive for such fees within ten (10) business days following Executive's submission to Employer of the documentation evidencing the fees.

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EXECUTIVE COLONY CAPITAL, INC.

/s/ Mark M. Hedstrom /s/ Ronald M. Sanders

Mark M. Hedstrom Name: Ronald M. Sanders
Title: Vice President

[Signature Page to Separation and Release Agreement]

Annex A Supplemental

Release

This Supplemental Release is entered into by and between ("Executive") and Colony Capital, Inc. (f/k/a Colony Financial, Inc., and together with its subsidiaries, the "Employer"). Capitalized terms used but not defined herein shall have the meanings specified in the Separation and Release Agreement, dated as of [●], 2020, by and between Employer and Executive (the "Separation Agreement").

For and in consideration of the Post-Termination Benefits and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive agrees as follows:

1. Waiver and Release. Executive, on behalf of himself and his heirs, executors, administrators and assigns, forever waives, releases and discharges Employer, its officers, directors, owners, shareholders and agents (collectively referred to herein as, the "Employer Group"), and each of its and their respective officers, directors, shareholders, members, managers, employees, agents, servants, accountants, attorneys, heirs, beneficiaries, successors and assigns (together with the Employer Group, the "Employer Released Parties"), from any and all claims, demands, causes of actions, fees, damages, liabilities and expenses (including attorneys' fees) of any kind whatsoever, whether known or unknown, that Executive has ever had or might have against the Employer Released Parties that directly or indirectly arise out of, relate to, or are connected with, Executive's services to, or employment by the Company, including, but not limited to (i) any claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, as amended, the Equal Pay Act, as amended, the Employee Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of Title 42 of the United States Code, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Age Discrimination in Employment Act, as amended, the Uniform Services Employment and Reemployment Rights Act, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, and/or any other federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released, and (ii) any tort and/or contract claims, including any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. Executive acknowledges that if the Equal Employment Opportunity Commission or any other administrative agency brings any charge or complaint on his behalf or for his benefit, this Supplemental Release bars Executive from receiving, and Executive hereby waives any right to, any monetary or other individual relief related to such a charge or complaint. This Supplemental Release, however, excludes (i) any claims made under state workers' compensation or unemployment laws, and/or any claims that cannot be waived by law, (ii) claims with respect to the breach of any covenant (including any covenant under the Employment Agreement or this Separation Agreement and Release) to be performed by Employer after the date of this Supplemental Release, (iii) any rights to indemnification or contribution or directors' and officers' liability insurance under the Employment Agreement, the Indemnification Agreement, any operative documents of the Company or any applicable law, (iv) any claims as a holder of Company equity awards under the Company's equity incentive plans or as a holder of Fund Incentives, (v) any claims for vested

benefits under any employee benefit plan (excluding any severance plan and including claims under the Consolidated Omnibus Budget Reconciliation Act of 1985) or any claims that may arise after the date Executive signs the Release, and (vi) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of Employer or any Managed Company (including continuing "tail" indemnification and directors and officers liability insurance for actions and inactions occurring while the Executive provided services for Employer and its affiliates and continued coverage for any actions or inactions by the Executive while providing cooperation under this Agreement), including any such plan, program, agreement or arrangement relating to equity or equity-based awards. For clarification, the parties acknowledge and agree that neither the Release nor the Supplemental Release modifies or releases the obligations of CLNC under any indemnification or other agreement between CLNC and Executive.

2. Waiver of Unknown Claims; Section 1542. Executive intends to fully waive and release all claims against Employer; therefore, he expressly understands and hereby agrees that this Supplemental Release is intended to cover, and does cover, not only all known injuries, losses or damages, but any injuries, losses or damages that he does not now know about or anticipate, but that might later develop or be discovered, including the effects and consequences of those injuries, losses or damages. Executive expressly waives the benefits of and right to relief under California Civil Code Section 1542 ("Section 1542"), or any similar statute or comparable common law doctrine in any jurisdiction. Section 1542 provides:

> Section 1542. (General Release-Claims Extinguished) A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Executive understands and acknowledges the significance and consequences of this specific waiver of Section 1542 and, having had the opportunity to consult with legal counsel, hereby knowingly and voluntarily waives and relinquishes any rights and/or benefits which he may have thereunder. Without limiting the generality of the foregoing, Executive acknowledges that by accepting the benefits and payments offered in exchange for this Supplemental Release, he assumes and waives the risks that the facts and the law may be other than he believes and that, after signing this Supplemental Release, he may discover losses or claims that are released under this Supplemental Release, but that are presently unknown to him, and he understands and agrees that this Supplemental Release shall apply to any such losses or claims.

3. Acknowledgement of ADEA Waiver. Without in any way limiting the scope of the foregoing general release of claims, Executive acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 (the "ADEA") and that such waiver and release is knowing and voluntary. This waiver and release does not govern any rights or claims that might arise under the ADEA after the date this Supplemental Release is signed by Executive. Executive acknowledges that: (i) the consideration given for this Supplemental Release is in addition to anything of value to which Executive otherwise would be entitled to receive; (ii) he has been advised in writing to consult with an attorney of his choice

prior to signing this Supplemental Release; (iii) he has been provided a full and ample opportunity to review this Supplemental Release, including a period of at least twenty-one (21) days within which to consider it (which will not be lengthened by any revisions or modifications); (iv) he has read and fully understands this Supplemental Release and has had the opportunity to discuss it with an attorney of his choice; (v) to the extent that Executive takes less than twenty-one (21) days to consider this Supplemental Release prior to execution, he acknowledges that he had sufficient time to consider this Supplemental Release with counsel and that he expressly, voluntarily and knowingly waives any additional time; and (vi) Executive is aware of his right to revoke this Supplemental Release at any time within the seven (7)-day period following the date on which he executes this Supplemental Release. Executive further understands that he shall relinquish any right he has to Post-Termination Benefits described in the Employment Agreement if he exercises his right to revoke this Supplemental Release. Notice of revocation must be made in writing and must be received by Ronald Sanders, General Counsel, Colony Capital, Inc., no later than 5:00
p.m. Pacific Time on the seventh (7th) calendar day immediately after the day on which Executive executes this Supplemental Release.

4. Wages Fully Paid. Executive acknowledges and agrees that he has received payment in full for all salary and other wages, including without limitation any accrued, unused vacation or other similar benefits earned through the Separation Date.

5. No Claims by Executive. Executive affirms and warrants that he has not filed, initiated or caused to be filed or initiated any claim, charge, suit, complaint, grievance, action or cause of action against Employer or any of the other Employer Released Parties.

6. No Assignment of Claims. Executive affirms and warrants that he has made no assignment of any right or interest in any claim which he may have against any of the Employer Released Parties.

7. Advice of Counsel. Executive acknowledges: (a) that he has been advised to consult with an attorney regarding this Supplemental Release; (b) that he has, in fact, consulted with an attorney regarding this Supplemental Release; (c) that he has carefully read and understands all of the provisions of this Supplemental Release; and (d) that he is knowingly and voluntarily executing this Supplemental Release in consideration of the Post-Termination Benefits provided under the Employment Agreement and the Separation Agreement.

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EXECUTIVE COLONY CAPITAL, INC.

Mark M. Hedstrom Name:

Title:

Date:___ Date:

[Signature Page to Supplemental Release Agreement]

Annex B

Equity Awards and Fund Incentives

[Attached]

Exhibit 10.54

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made as of November 5, 2020, by and between Mark M. Hedstrom ("Consultant") and Colony Capital Advisors, LLC (the "Company").

1. CONSULTING SERVICES SCOPE OF WORK

1.1 For the Term (as defined in Section 4), Consultant shall provide some or all of the following services to Company as may be designated from time to time by Company (hereinafter, the "Scope of Work") as set forth in Exhibit A. Company desires to engage Consultant to provide, and Consultant represents that it has the experience and expertise to provide the Scope of Work.

1.2 Consultant shall report and be responsible for the performance of the services herein and receive direction only from the following individual(s): the Executive Chairman, the Chief Executive Officer or the Chief Legal Officer.

1.3 It is expected that Consultant shall primarily work remotely unless otherwise mutually agreed to between Company and Consultant, although Consultant will be available for meetings as may reasonably requested by Company. If requested by Consultant, Company shall in good faith discuss with Consultant providing Consultant with an office and limited administrative support.

2. CONSULTING RELATIONSHIP

2.1. Consultant's relationship with Company will be that of an independent contractor. Neither Consultant nor employees of Consultant, if any, are employees of Company under the meaning or application of any law, including, but not limited to, any Federal or State unemployment or Insurance Laws or Worker's Compensation Laws, or otherwise. Consultant agrees to assume all liabilities or obligations imposed by any one or more of such laws with respect to employees of Consultant, if any, in the performance of this Agreement.

2.2. Consultant shall not have any authority to assume or create any obligation, express or implied, on behalf of Company and Consultant shall have no authority to represent itself as an agent, employee, or in any capacity of Company.

2.3. Consultant shall remain an independent contractor and shall comply with all laws, statutes, rules, regulations, orders, and decrees applicable to Consultant. Consultant shall have full responsibility for all applicable taxes for all compensation paid to Consultant under this Agreement, including any withholding requirements that apply to any such taxes, and for compliance with all applicable labor and employment requirements with respect to Consultant's self-employment, sole proprietorship or other form of business organization. Consultant agrees to indemnify, defend and hold Company harmless from any liability for, or assessment of, any claims or penalties or interest with respect to such taxes, labor or employment requirements, including any liability for, or assessment of, taxes imposed on Company by the relevant taxing authorities with respect to any compensation paid to Consultant or any liability related to the withholding of such taxes.

3. PAYMENTS TO CONSULTANT

3.1. As consideration for such services, and for assigning the rights in invention(s), design(s), patent(s), trademark(s), and copyright(s), if any, resulting from the work performed under this Agreement, all of which is for the benefit of Company, Company agrees to pay Consultant during the term of this Agreement the following fee for the Scope of Work, performed and approved by Company hereunder: $50,000 per month.

3.2. Consultant shall be paid bi-monthly in ratable installments on the Company's regularly scheduled payroll dates without the need to provide any invoice or other statement of work. Consultant shall invoice solely for travel and other expenses directly related to his performance under this contract that are in compliance with Company's travel and expense policies. Invoices shall be sent by Consultant for payment to 515 S Flower Street, 44th Floor, Los Angeles, CA 90071, at the address for Company. All requests for reimbursement of travel or other expenses shall be accompanied by vouchers, invoices and other documentation reasonably evidencing the nature and amount of such expenses and relationship to the project.

4. TERM

4.1. The Term of this Agreement shall commence on January 1, 2021 and end on December 31, 2021, unless earlier terminated as provided below. The Term of this Agreement shall not extend beyond December 31, 2021, unless both parties agree in writing to an extension. Upon expiration or termination of this Agreement, Company shall be liable only for the payment of services performed and approved travel or other pre-approved expenses prior to the effective date of expiration or termination. Upon expiration or termination of this Agreement, all obligations and duties that by their nature extend beyond the expiration or termination of this Agreement shall survive and remain in effect beyond any expiration or termination, and shall bind the parties and their successors and assigns.

4.2. This Agreement may be terminated by Company solely in the event of any material default on the part of Consultant in the performance of the obligations hereunder which is not cured within fifteen (15) days of written notice by

Company to Consultant detailing the facts serving as the basis for such material default. For the avoidance of doubt, in the event that Company terminates this Agreement for any other reason, Company shall pay Consultant the monthly consulting fee through December 31, 2021.

4.3. On the date hereof, Consultant entered into a Separation and Release Agreement (the "Separation Agreement") with Company. If the Supplemental Release Condition (as defined in the Separation Agreement) does not occur on or prior to January 29, 2021, Company shall be entitled to terminate this Agreement immediately. If Company terminates this Agreement pursuant to this Section 4.3, Company shall not be obligated to pay Consultant any fee or other compensation for services performed.

4.4. This Agreement may be terminated by Consultant upon five (5) days written notice by Consultant to Company.

4.5. Except as provided in the last sentence of Section 4.2, no termination fee shall be payable in the event of a termination hereunder.

5. INVENTIONS, PATENTS, TRADEMARKS, COPYRIGHTS

5.1. Consultant hereby assigns to Company the entire right, title and interest for the entire world in and to all work performed, writing(s), formula(s), design(s), model(s), drawing(s), photograph(s), design invention(s) and other invention(s) made, conceived or reduced to practice or authored by Consultant or Consultant's employees, either solely or jointly with others, resulting from the work performed by Consultant under this Agreement or from the use of proprietary information, materials or facilities of Company during the period in which Consultant is retained by Company or its successor in business, under this Agreement or any previous agreements or any extensions or renewals thereof.

5.2. Consultant shall promptly disclose to Company all work(s), writing(s), formula(s), design(s), model(s), photograph(s), drawing(s), design invention(s) and other invention(s) made, conceived, or reduced to practice or authored by Consultant or Consultant's employees in the course of the performance of this Agreement.

5.3. Consultant shall sign, execute, and acknowledge or cause to be signed, executed and acknowledged without cost, but at the expense of Company, any and all documents and to perform such acts as may be necessary, useful or convenient for the purpose of securing to Company or its nominees, patent, trademark or copyright protection throughout the world upon all such work(s), writing(s), formula(s), design(s), model(s), drawing(s), photograph(s) design invention(s) and other invention(s), title to which Company may acquire in accordance with the provisions of this clause.

5.4. Consultant has acquired or shall acquire from each of his/her employees the necessary rights to all such work(s), writing(s), formula(s), design(s), model(s), drawing(s), photograph(s), design invention(s), and other invention(s), made by such employees within the scope of their employment by Consultant in performing services under this Agreement and to the best of the ability of Consultant to obtain the cooperation of each such employee to secure to Company or its nominees the rights to such work(s), writing(s), formula(s), design(s), model(s), drawing(s), photograph(s), design invention(s) and other invention(s), as Company may acquire in accordance with the provisions of this clause.

6. INSURANCE

6.1. During the term of this Agreement, Company shall have the right to require Consultant to procure and maintain insurance of such type and in such amounts as Company may from time to time specify in which event Company shall advance and pay for any premiums to Consultant for the commercially reasonable cost of such insurance.

7. MISCELLANEOUS

7.1. Mandatory and Binding Arbitration; Controlling Law. Any dispute arising between the parties relating to this Agreement, including, but not limited to, any act which allegedly has or would violate any provisions of this Agreement, and including, but not limited to, disputes pertaining to the formation, validity, interpretation, effect, or alleged breach of this Agreement (collectively "Arbitral Dispute") shall be submitted to mandatory and binding arbitration before the American Arbitration Association ("AAA") in Los Angeles, California, before a single arbitrator selected in accordance with the AAA Commercial Rules in effect at the time the dispute arises. In such arbitration proceedings, Company shall pay all of the filing fees, the arbitrator's fees, tribunal and other administrative costs. The award of the arbitrator may be confirmed before and entered as a judgment of any court having jurisdiction over the parties. The parties to this Agreement agree that any arbitration proceedings shall be treated as confidential. This Agreement is to be governed and controlled by the laws of the State of California.

7.2. Assignment Provision of Services. Consultant shall not assign or transfer any of his right or interest in or under this Agreement without the prior written consent of Company. Consultant shall personally provide the Scope of Work to Company. Consultant shall not have any other person perform any of the Scope of Work or otherwise delegate any of his obligations hereunder without the prior written consent of Company.

7.3. Notices. Any notice to be given under this Agreement must be in writing and shall be deemed to have been given when delivered personally to the other party, or when mailed by Certified Mail, Return Receipt Requested, or telefaxed, to the party to whom the notice is to be given at the following addresses:

If to Company:

Colony Capital Advisors, LLC
515 S. Flower Street, 44th Floor
Los Angeles, CA 90071
Attn: Human Resources

If to Consultant:

Mark M. Hedstrom
[REDACTED]

7.4. Confidentiality. Consultant shall keep in the strictest confidence all information relating to this Agreement which may be acquired in connection with or as a result of this Agreement. During the term of this Agreement and at any time thereafter, without the prior written consent of Company, Consultant shall not publish, communicate, divulge, disclose or use any such information provided by Company in connection with Consultant's performance of the Scope of Work and other terms of, including this, Agreement. Upon termination or expiration of this Agreement, Consultant shall deliver to Company all records, data, information, and other documents and all copies thereof, which shall remain the property of Company. Company reserves the right to release all information as well as to time its release, form or content. Notwithstanding the foregoing, following the termination of this Agreement, Consultant shall be permitted to retain, at no cost to Consultant, his mobile phone(s) and personal computer(s) and his cell phone number(s) as well as his printer and router.

7.5. Publicity. Any publicity, advertisement or press release by Consultant regarding Company shall be under the sole discretion and control of Company, and no contact or discussions by Consultant regarding the Services with the public press or media representatives shall be had without the prior written consent of Company.

7.6. Limitation of Company's Liability. Notwithstanding anything contained herein to the contrary, any and all liability of Company hereunder shall be limited to the interest of Company in the projects, and no affiliate, partner, member, shareholder, director, officer, employee or agent of Company shall have any personal liability hereunder, nor shall Consultant have any recourse to any such person or any of the assets of any such person.

7.7. Representations. Consultant represents and warrants as follows: (1) that in the course of performing the services contemplated by this Agreement, no expenditures for other than lawful purposes will be made; (2) that no payments will be made to government officials or customer representatives, and that no government official or customer representative has any direct or indirect ownership or investment interest or interest in the revenues or profits of Consultant; (3) that no improper payment will be made to any representative of a private or public entity for the purpose of procuring business; (4) that on request, Consultant will furnish to Company a certificate of compliance with these undertakings; and (5) that Consultant understands and agrees that any export or re-export, directly or indirectly, in contravention of the U.S. Export Administration Regulations is strictly prohibited and further that Consultant shall comply with all applicable United States Government and Company security regulations and safety regulations.

7.8. Entire Agreement. This Agreement represents the entire agreement between Company and Consultant and supersedes all previous understandings and or agreements with respect to the subject matter of this Agreement. Without limiting the foregoing, the parties acknowledge that Consultant, as a former employee of Company, had entered into an Employment Agreement, a Restrictive Covenants Agreement, certain agreements relating to the allocation of carried interest, the Separation Agreement and other documents and agreements related to his employment with Company and the termination of his employment with Company (the "Prior Agreements"). Under the terms of the Prior Agreements, certain obligations of Consultant and Company and its affiliates continue beyond the termination of Consultant's employment with Company. Any such continuing obligations are not superseded or modified by this Agreement.

8. INDEMNIFICATION

8.1. Company shall indemnify, defend and hold harmless Consultant from and against any and all Losses which may be sustained, suffered or incurred by Consultant as a result of, arising from, or in connection with (i) any lawful act undertaken or lawful omission by Consultant in the performance of his duties hereunder, (ii) any failure by Company to comply with or perform in a material way any material term or covenant of this Agreement, or (iii) Company's gross negligence, recklessness, or affirmative misconduct in the performance of its obligations hereunder; *provided*, *however*, in no event shall Company indemnify or hold harmless Consultant in connection with (A) a dispute between such parties brought by Company against Consultant, (B) in connection with Consultant's breach of any provision of this Agreement or (C) for any act or omission by Consultant which constitutes fraud, bad faith, willful misconduct or gross negligence. "Losses" shall include all reasonable and documented out-of-pocket costs and expenses incurred by Consultant, including, without limitation, reasonable attorneys' fees, judgments, fines, penalties and amounts paid in settlement. In connection with any claim for indemnification, Company shall advance or pay the out-of-pocket expenses incurred by Consultant within thirty

(30) days of presentment of such invoices detailing the expenses. Consultant agrees that in the event it is determined Consultant was not entitled to indemnification under this Agreement, Consultant agrees to repay any such advanced or paid expenses.

8.2. Consultant shall give Company prompt written notice of any event which might give rise to a claim for indemnification, specifying the nature of the possible claim and the amount believed to be involved. If the claim for indemnification arises from a claim or dispute with any third person, Company shall have the right, at its own expense, to defend and/or settle such claim or dispute, and Consultant generally shall cooperate fully in any such defense, but at no out-of-pocket cost to Consultant for any claim that Company is required to provide indemnification under Section 8.1.

8.3. Company represents and warrants that, as an independent contractor of Company, Consultant shall be deemed an "Insured Person" under an affiliate of Company's errors and omissions insurance policy (the "Policy") for acts or omissions taken by Consultant during the Term that would be indemnifiable by Company pursuant to Section 8.1; *provided*, *however*, Company shall maintain sole discretion as to whether to satisfy, to the extent applicable, its obligations under Section 8.1 directly, through an affiliate or pursuant to the Policy. Nothing in this Section 8, including Section 8.1 hereof, shall limit the scope of insurance coverage otherwise available to Consultant under the Policy.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMPANY:

Colony Capital Advisors, LLC

By: /s/ Ronald M. Sanders
Ronald M. Sanders
Vice President

CONSULTANT:

By: /s/ Mark M. Hedstrom
Mark M. Hedstrom

EXHIBIT A
STATEMENT OF WORK

Provide services to Company in connection with the following:

1. Executive Compensation Matters. Provide advice and assistance in connection with executive compensation matters, including plan design and public reporting obligations.

2. G&A Cost Reduction. Provide advice and assistance in connection with Company G&A Cost Reduction initiatives, particularly in light of the rotation of Company's business to digital infrastructure and the exit from legacy businesses.

3. CLNC. Consultant shall continue to serve as Chairman of the Board of Directors of Colony Credit Real Estate, Inc. ("CLNC"), subject to the obligation of Consultant to resign such position if so requested by Company within three (3) business days of such request being made.

4. Special Projects. Consultant shall provide advice and assistance in connection with such other projects as may reasonably be requested by Company from time to time.

For the avoidance of doubt, in performing these services, Consultant shall not be authorized to take any action on behalf of, or otherwise bind or obligate, Company or its affiliates. Rather, Consultant's role shall be to advise and make recommendations to Company and its affiliates and to implement the directives of Company and its affiliates.

EXHIBIT 10.55

EXECUTION VERSION

SECOND AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
(Sale of Membership Interests in the Owners of Hotel Portfolios Consisting of One Hundred Ninety-Seven (197) Hotel Properties)

This **SECOND AMENDMENT TO AGREEMENT OF PURCHASE AND SALE** (this "**Amendment**"), is made and effective as of February 28, 2021 (the "**Effective Date**"), among **CBM SELLER, INNKEEPERS SELLER, K-PARTNERS SELLER, MIAMI SELLER, NEP SELLER, and THL SELLER** (each, a "**Selling Entity**" and collectively, "**Seller**"), and **SILVERPLATE CAPITAL PARTNERS LLC**, a Delaware limited liability company ("**Buyer**", Buyer and Seller are sometimes referred to in this Amendment, each, individually, as a "**Party**" and, collectively, as the "**Parties**").

RECITALS:

A. Seller and Buyer entered into that certain Agreement of Purchase and Sale, dated as of September 22, 2020 (the "**Initial PSA**"), as amended by that certain First Amendment to Agreement of Purchase and Sale, dated as of October 9, 2020 (the "**First Amendment**", and, together with the Initial PSA, the "**Original PSA**"), pursuant to which, among other things, Seller agreed to sell to Buyer, and Buyer agreed to purchase from Seller, the Membership Interests listed on Schedule 1 attached thereto (the "**Property**"), as more particularly described in the Original PSA.

B. The Parties now wish to amend the Original PSA as more particularly set forth herein.

C. The Original PSA, as modified by this Amendment, shall be referred to herein collectively as the "**Purchase Agreement**".

NOW, THEREFORE, in consideration of the foregoing recitals (which are incorporated into the operative provisions of this Amendment by this reference), the mutual promises, obligations and agreements contained herein, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

1. Amendments.

(a) The following new terms are hereby added to the Purchase Agreement in appropriate alphabetical order:

(i) "**Emergency Expenses**" means expenses incurred to (a) prevent an immediate threat to the health, safety or welfare of any individual, (b) prevent immediate damage or loss to all or any portion of any Individual Hotel, (c) prevent a violation of Applicable Law, or (d) avoid criminal or material civil liability to a Governmental Authority on the part of Seller.

(ii) "**Second Amendment Date**" means February 28, 2021.

(b) The following terms are hereby deleted from the Purchase Agreement and replaced in their entirety with the following modified definitions:

(i) "**Consent Approval Date**" means March 15, 2021.

(ii) "**Consent Approval Outside Date**" means April 15, 2021.

(iii) "**Unacceptable Modifications**" means any request or requirement made by an Existing Lender in connection with any Existing Lender's Consent or any Loan Release and Modification Document which (i) requires a pay down of an Existing Loan, (ii) requires the implementation of additional reserves or an increase in the amount of reserves required, (iii) creates additional recourse obligations or increases existing recourse obligations, (iv) imposes any additional restrictions on transfers of non-controlling interests, (v) increases the interest rate or imposes any other economic terms not currently required by the Existing Loans, or (vi) otherwise materially and adversely changes any other material terms of the Existing Loans, excluding, in each case, any of the foregoing as may be agreed to by either Buyer or Seller, each in their respective sole and absolute discretion and at the sole cost and expense of such Party.

(c) Section 5.1 of the Original PSA is hereby deleted and replaced in its entirety with the following:

"The Closing and the delivery of all items to be delivered by the Parties at the Closing will be performed through an escrow closing conducted by Escrow Agent on the Closing Date. Except as may otherwise be expressly provided in this Agreement, the Closing Date may not be accelerated or extended without the prior written approval of both Seller and Buyer; provided, however, if any Loan Release and Modification, Franchisor's Consent, Marriott Manager's Consent or Ground Lessor's Consent is not obtained by the Consent Approval Date, and provided Buyer is continuing to act in good faith to effectuate a Closing, Buyer shall have a one-time right to elect to extend the Closing Date to March 31, 2021 (the "**Extended Consent Approval Date**") in order to continue to seek the same, so long as Buyer (i) delivers written notice (the "**Extension Notice**") to Seller of its election to extend on or before 5:00 p.m. (Eastern Time) on the Consent Approval Date (the "**Extension Deadline**") and (ii) delivers to Escrow Agent by bank wire transfer of immediately available funds an additional deposit in the amount of Ten Million and No/100 Dollars ($10,000,000.00) (the "**Extension Deposit**") no later than the Extension Deadline. Upon Buyer's deposit of the Extension Deposit, the Extension Deposit shall become part of the Deposit and all references herein to the "Deposit" shall be deemed to include the Extension Deposit such that the "Deposit" shall mean and refer for all purposes to the aggregate sum of Fifteen Million and No/100 Dollars ($15,000,000.00). The failure of Buyer to deliver the Extension Notice and/or to deliver the Extension Deposit by the Extension Deadline shall result in a waiver of Buyer's extension option hereunder. If (x) the Closing Date is so extended to the Extended Consent Approval Date and (y) any Loan Release and Modification, Franchisor's Consent, Marriott Manager's Consent or Ground Lessor's Consent is not obtained by the Extended Consent Approval Date despite Seller's and Buyer's good faith and commercially reasonable efforts, each of Buyer and Seller shall have the right to elect to extend the Closing Date to the Consent Approval Outside Date in order to continue to seek the same if and only if the exercising Party has a reasonable and good faith belief that the applicable Loan Release and Modification, Franchisor's Consent, Marriott Manager's Consent or Ground Lessor's Consent not so obtained by the Extended Consent Approval Date is reasonably likely to be obtained by the Consent Approval Outside Date, so long as such exercising Party delivers written notice to the other Parties of its election to extend on or before 5:00 p.m. (Eastern Time) on the Extended Consent Approval Date. Notwithstanding anything to the contrary set forth in this Agreement, Seller and Buyer may mutually agree to accelerate the Closing Date for the Membership Interests in the Hotel Owners of one or more Hotel Portfolios (but less than all of the Hotel Portfolios) upon the closing conditions set forth in Sections 5.2 and 5.3 below being satisfied for such Membership Interests to a mutually agreeable date notwithstanding that the closing conditions set forth in Sections 5.2 and 5.3 below are not satisfied for the Membership Interests in the Hotel Owners of all of the Hotel Portfolios at such time."

(d) Seller shall receive a credit at the Closing in an amount equal to Six Million Five Hundred Fifty Thousand and No/100 Dollars ($6,550,000.00) (such credit, the "**Second Amendment Innkeepers Credit**") in respect of one or more payments of certain shortfalls for the Innkeepers Hotel Portfolio representing an amount equal to Thirteen Million One Hundred Thousand and No/100 Dollars ($13,100,000.00) made by Seller or its Affiliates prior to the Second Amendment Date. Seller represents and warrants to Buyer as of the Second Amendment Date that Seller or its Affiliates have made payments for certain shortfalls in an amount equal to Thirteen Million One Hundred Thousand and No/100 Dollars ($13,100,000.00), and Seller has or will provide to Buyer one or more cash flow statements to evidence payment of such shortfall(s). For the avoidance of doubt, the Second Amendment Innkeepers Credit shall be in addition to the credits to be received by Seller at the Closing in the aggregate amount of Five Million Eight Hundred Thousand and No/100 Dollars ($5,800,000.00) pursuant to the terms of the First Amendment.

(e) The words "If any Loan Documents shall require a pay down of any portion of the Existing Loans prior to the Closing or the funding of a reserve other than from cash flow from the Individual Hotels, no Party shall be obligated to contribute such funds except that" in Section 3.1(c) of the Initial PSA (as modified by Section 1(a) of the First Amendment) are hereby deleted in their entirety and the words "If any Loan Documents shall require a pay down of any portion of the Existing Loans prior to the Closing or the funding of a reserve other than from cash flow from the Individual Hotels, no Party shall be obligated to contribute such funds except that (i) the foregoing shall not relieve any obligation of Buyer or its Affiliates to contribute amounts to any Existing Lender or otherwise in connection with any Existing Loan on or after the Closing as agreed to by Buyer or its Affiliates (each in their sole and absolute discretion) with any such Existing Lender in connection with any Loan Release and Modification and (ii)" are hereby substituted therefor.

(f) Seller represents and warrants to Buyer as of the Second Amendment Date that Seller or its Affiliate contributed at least One Million Six Hundred Ninety-Two Thousand Eight Hundred Sixty-Eight and 34/100 Dollars ($1,692,868.34) from funds in the Excluded Accounts and Amount in connection with the closing of the Pending Loan Modification for the CBM Hotel Portfolio prior to the Closing, which contribution by Seller or its Affiliate satisfies in full Seller's obligation under Section 3.1(c) of the Initial PSA (as modified by Section 1(a) of the First Amendment) with respect to the CBM Hotel Portfolio as described on Schedule 3.1(c) attached to the Initial PSA.

(g) (i) If, at any time between the Second Amendment Date and the Closing Date, Seller or its Affiliates shall make any payment from funds outside of the Acquired Accounts in respect of deferred interest, operating shortfalls, interest shortfalls, working capital replenishment, Emergency Expenses, and/or loan fees and expenses (each such payment, a "**Shortfall Payment**") for the Innkeepers Hotel Portfolio representing an amount in excess of Thirteen Million One Hundred Thousand and No/100 Dollars ($13,100,000.00) but less than Seventeen Million Six Hundred Thousand and No/100 Dollars ($17,600,000.00), provided that such Shortfall Payment shall only be made from funds outside of the Acquired Accounts in the event there is either insufficient cash in the Acquired Accounts necessary for such Shortfall Payment or amounts in the Acquired Accounts are not available to be used for the applicable purpose of the Shortfall Payment for any reason, and Seller has provided evidence of such Shortfall Payment (and the basis on which such Shortfall Payment was required) to Buyer as required by subsection (iii) of this Section 1(g), then Seller shall receive a credit at the Closing equal to fifty percent (50%) of the aggregate amount of all such Shortfall Payments made pursuant to this subsection (i) in excess of Thirteen Million One Hundred Thousand and No/100 Dollars ($13,100,000.00) but less than Seventeen Million Six Hundred Thousand and No/100 Dollars ($17,600,000.00).

(ii) If, at any time between the Second Amendment Date and the Closing Date, Seller or its Affiliates shall make any Shortfall Payment for any Hotel Portfolio, provided that such Shortfall Payment shall only be made from funds outside of the Acquired Accounts in the event there is either insufficient cash in the Acquired Accounts necessary for such Shortfall Payment or amounts in the Acquired Accounts are not available to be used for the applicable purpose of the Shortfall Payment for any reason, and Seller has provided evidence of such Shortfall Payment (and the basis on which such Shortfall Payment was required) to Buyer as required by subsection (iii) of this Section 1(g), then Seller shall receive a credit at the Closing in the aggregate amount of all such Shortfall Payments made pursuant to this subsection (ii). Without limiting the provisions of Section 1(a) of the First Amendment, Section 1(d) above and subsection (i) of this Section 1(g), for the Innkeepers Hotel Portfolio only, Seller shall only have the right to receive a credit at the Closing under this subsection (ii) for Shortfalls Payments in respect of the Innkeepers Hotel Portfolio representing an amount in excess of Seventeen Million Six Hundred Thousand and No/100 Dollars ($17,600,000.00).

(iii) As soon as reasonably practicable after any such Shortfall Payment is made by Seller or its Affiliates, Seller shall provide to Buyer (i) one or more cash flow statements to evidence the applicable shortfall(s) in respect of such Shortfall Payment and (ii) confirmation of the payment of such Shortfall Payment with funds outside of the Acquired Accounts.

(h) With respect to insurance policies obtained by Seller or its Affiliates for which Seller or its Affiliates paid from the Acquired Accounts and which would otherwise be in effect as of the Closing Date but will be cancelled as of the Closing Date, Seller shall pay to Buyer any refunded insurance premiums actually received by Seller or its Affiliates after the Closing Date with respect to any period after the Closing Date promptly after Seller's receipt of same. Seller agrees to (i) provide termination notices of all applicable insurance policies on the Closing Date effective as of the Closing Date and (ii) use commercially reasonable efforts to obtain all refunds owed for the period following the Closing Date in respect of such prepaid insurance premiums. If Buyer requests that Seller or its Affiliates contest or dispute the amount of any such refunded insurance premiums, such contest or dispute shall be at Buyer's sole cost and expense. There shall be no credit to Buyer at the Closing in respect of any prepaid insurance premiums unless such refunded insurance premiums are actually received by Seller or its Affiliates prior to or contemporaneously with the Closing.

2. Miscellaneous.

(a) Capitalized terms used and not otherwise defined in this Amendment shall have the respective meanings given to such terms in the Original PSA. Section references in this Amendment shall refer to such sections in the Original PSA unless specifically noted as referring to another agreement.

(b) This Amendment may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts when executed and delivered shall be construed together and constitute the same instrument. Counterparts may be delivered electronically. The exchange of copies of this Amendment, any amendments hereto, any signature pages required hereunder or any other documents required or contemplated hereunder by facsimile or Portable Document Format ("**PDF**") transmission shall constitute effective execution and delivery of same as to the Parties thereto and may be used in lieu of the original documents for all purposes. Signatures transmitted by facsimile or PDF shall be deemed to be original signatures for all purposes.

(c) THIS AMENDMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS TO REAL PROPERTY MATTERS DIRECTLY RELATED TO A SINGLE INDIVIDUAL HOTEL, WHICH MATTERS SHALL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH THE RESPECTIVE REAL PROPERTY OF SUCH HOTEL IS LOCATED, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AMENDMENT TO THE LAW OF ANOTHER JURISDICTION.

(d) Each Party hereby represents that its undersigned representatives are duly authorized to execute this Amendment.

(e) No person who is not a signatory to this Amendment shall be permitted to rely upon or otherwise enforce any provision contained in this Amendment on the grounds that such person is a third party beneficiary of this Amendment.

(f) Except as expressly amended by this Amendment, the Original PSA remains unmodified and in full force and effect.

(g) References herein and in the Original PSA and any instrument or document delivered pursuant to the Original PSA to “the Agreement” or “this Agreement” shall mean the Original PSA, as modified by this Amendment, which shall constitute the entire agreement among the Parties pertaining to the subject matter hereof and shall supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. Except as modified by this Amendment, the Original PSA is hereby ratified and confirmed in all respects. Nothing herein shall be held to alter, vary or otherwise affect the terms, conditions and provisions of the Original PSA, other than as contemplated herein.

(h) All Section, clause or paragraph references shall, unless the context expressly requires otherwise, be to sections, clauses or paragraphs of this Amendment. The terms “hereto,” “herein,” “hereof,” “hereunder” and words of similar import refer to this Amendment generally, unless otherwise specifically provided. The term “including” shall mean “including, without limitation,” except where the context otherwise requires.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Buyer and Seller have caused this Amendment to be executed and delivered by their duly authorized representatives as of the Effective Date written above.

SELLER:

CBM SELLER:

CMP I OWNER-T, LLC,
a Delaware limited liability company

By: CMP I Holdings-T, LLC,
a Delaware limited liability company,
its sole member

By: /s/ Donna Hansen
Name: Donna Hansen
Title: Vice President

CMP I CAM2-T, LLC,
a Delaware limited liability company

By: CMP I Holdings-T, LLC,
a Delaware limited liability company,
its sole member

By: /s/ Donna Hansen
Name: Donna Hansen
Title: Vice President

[Signatures continue on following page]

<u>INNKEEPERS SELLER</u>:

GRAND PRIX MEZZ BORROWER FIXED LLC,
a Delaware limited liability company

By: INK Acquisition LLC,
a Delaware limited liability company,
its sole member

By: Platform Member-T, LLC,
a Delaware limited liability company,
its member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

INK ACQUISITION LLC,
a Delaware limited liability company

By: Platform Member-T, LLC,
a Delaware limited liability company,
its member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

INK ACQUISITION III LLC,
a Delaware limited liability company

By: Platform Member Holdings-T CAM2, LLC,
a Delaware limited liability company,
its member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

[Signatures continue on following page]

<u>K-PARTNERS SELLER</u>:

CASTLEBLACK OWNER HOLDINGS, LLC,
a Delaware limited liability company

By: Castleblack Holdings-T, LLC,
a Delaware limited liability company,
its managing member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

CASTLEBLACK OPERATOR HOLDINGS, LLC,
a Delaware limited liability company

By: Castleblack-T CAM2, LLC,
a Delaware limited liability company,
its managing member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

[Signatures continue on following page]

MIAMI SELLER:

MC OWNER MB1-T, LLC,
a Delaware limited liability company

By: MC Holdings-T, LLC,
a Delaware limited liability company,
its sole member

By: /s/ Donna Hansen
Name: Donna Hansen
Title: Vice President

MC OPS MB1-T, LLC,
a Delaware limited liability company

By: MC CAM2-T, LLC,
a Delaware limited liability company,
its sole member

By: /s/ Donna Hansen
Name: Donna Hansen
Title: Vice President

[Signatures continue on following page]

<u>NEP SELLER</u>:

NEP OWNER MB2-T, LLC,
a Delaware limited liability company

By: NEP Owner-T, LLC,
a Delaware limited liability company,
its sole member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

NEP OPS MB2-T, LLC,
a Delaware limited liability company

By: NEP CAM2-T, LLC,
a Delaware limited liability company,
its sole member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

[Signatures continue on following page]

<u>THL SELLER</u>:

CNI THL PROPCO HOLDINGS, LLC,
a Delaware limited liability company

By: CFI RE Holdco, LLC,
a Delaware limited liability company,
its sole member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

CNI THL OPCO HOLDINGS, LLC,
a Delaware limited liability company

By: CC RE Holdco Corporation LLC,
a Delaware limited liability company,
its sole member

By: <u>/s/ Donna Hansen</u>
Name: Donna Hansen
Title: Vice President

[Signatures continue on following page]

<u>BUYER</u>:

SILVERPLATE CAPITAL PARTNERS LLC,
a Delaware limited liability company

By: <u>/s/ Paul Womble</u>
Name: Paul Womble
Title: Authorized Signatory

[End of signatures]

Exhibit 21.1

COLONY CAPITAL, INC.
LIST OF SIGNIFICANT SUBSIDIARIES

Subsidiary Name	State or Jurisdiction of Formation
CFI RE Holdco, LLC	Delaware
Colony Capital Advisors, LLC	Delaware
Colony Capital Investment Advisors, LLC	Delaware
Colony Capital Investment Holdco, LLC	Delaware
Colony Capital OP Subsidiary, LLC	Delaware
Colony Capital Operating Company, LLC	Delaware
HA Portfolio Holdings-T, LLC	Delaware
Healthcare GA Holdings, GP	Delaware
Healthcare GA Holdings-T, LLC	Delaware
Healthcare GA Limited Partner-T, LLC	Delaware
Healthcare GA Operating Partnership-T, LLC	Delaware
NorthStar Healthcare JV Holdings, LLC	Delaware
NorthStar Healthcare JV, LLC	Delaware
NorthStar Realty Healthcare, LLC	Delaware
NRF Holdco, LLC	Delaware
NRFC Healthcare Holding Company, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 ASR No. 333-235886) of Colony Capital, Inc. pertaining to the registration of its class A common stock, preferred stock, depositary shares, warrants, and rights;
(2) Registration Statement (Form S-8 No. 333-215509) of Colony Capital, Inc. (formerly known as Colony NorthStar, Inc.) pertaining to the 2014 Omnibus Stock Incentive Plan and;
(3) Registration Statement (Form S-8 No. 333-197104-01) of Colony Capital, Inc. (formerly known as Colony NorthStar, Inc.) pertaining to the 2014 Omnibus Stock Incentive Plan;

of our reports dated March 1, 2021, with respect to the consolidated financial statements of Colony Capital, Inc. and the effectiveness of internal control over financial reporting of Colony Capital, Inc. included in this Annual Report (Form 10-K) of Colony Capital, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Los Angeles, California
March 1, 2021

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Marc C. Ganzi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Colony Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 1, 2021

/s/ Marc C. Ganzi

Marc C. Ganzi
Chief Executive Officer and President

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jacky Wu, certify that:

1. I have reviewed this Annual Report on Form 10-K of Colony Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ Jacky Wu

Jacky Wu
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Colony Capital, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Marc C. Ganzi, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2021

/s/ Marc C. Ganzi

Marc C. Ganzi
Chief Executive Officer and President

The foregoing certification is being furnished solely pursuant to 18 U.S.C §1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Colony Capital, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jacky Wu, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	March 1, 2021	/s/ Jacky Wu
		Jacky Wu **Chief Financial Officer**

The foregoing certification is being furnished solely pursuant to 18 U.S.C §1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.