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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2021  
or

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

Commission file number: 001-37980

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**COLONY CAPITAL, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**46-4591526**  
(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

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

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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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 3, 2021, 486,421,707 shares of the Registrant's class A common stock and 733,931 shares of class B common stock were outstanding.

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**COLONY CAPITAL, INC.**  
**FORM 10-Q**  
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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**COLONY CAPITAL, INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share data)**

	March 31, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 788,361	\$ 703,544
Restricted cash	125,959	114,952
Real estate, net	7,702,711	7,809,964
Loans receivable (at fair value)	85,272	84,030
Equity and debt investments (\$225,845 and \$298,568 at fair value, respectively)	777,819	876,703
Goodwill	761,368	761,368
Deferred leasing costs and intangible assets, net	1,392,528	1,467,725
Assets held for disposition (\$3,329,199 and \$6,652,743 held for sale, respectively)	4,094,657	7,426,268
Other assets (\$4,280 and \$99 at fair value, respectively)	834,318	886,817
Due from affiliates	62,257	69,189
<b>Total assets</b>	<b>\$ 16,625,250</b>	<b>\$ 20,200,560</b>
<b>Liabilities</b>		
Debt, net	\$ 6,877,291	\$ 6,872,350
Accrued and other liabilities (\$38,155 and \$128,057 at fair value, respectively)	1,036,218	1,193,601
Intangible liabilities, net	89,915	93,852
Liabilities related to assets held for disposition	1,936,643	4,731,772
Due to affiliates	408	601
Dividends and distributions payable	18,516	18,516
<b>Total liabilities</b>	<b>9,958,991</b>	<b>12,910,692</b>
Commitments and contingencies (Note 19)		
<b>Redeemable noncontrolling interests</b>	<b>315,922</b>	<b>305,278</b>
<b>Equity</b>		
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; 487,103 and 483,406 shares issued and outstanding, respectively	4,871	4,834
Class B, 1,000 shares authorized; 734 shares issued and outstanding	7	7
Additional paid-in capital	7,576,873	7,570,473
Accumulated deficit	(6,460,262)	(6,195,456)
Accumulated other comprehensive income	101,056	122,123
Total stockholders' equity	2,222,035	2,501,471
Noncontrolling interests in investment entities	4,003,905	4,327,372
Noncontrolling interests in Operating Company	124,397	155,747
<b>Total equity</b>	<b>6,350,337</b>	<b>6,984,590</b>
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<b>\$ 16,625,250</b>	<b>\$ 20,200,560</b>

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)  
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
<b>Revenues</b>		
Property operating income	\$ 275,216	\$ 183,953
Interest income	2,676	2,607
Fee income (\$33,679 and \$25,128 from affiliates, respectively)	33,679	25,128
Other income (\$1,490 and \$4,182 from affiliates, respectively)	4,133	5,525
<b>Total revenues</b>	<b>315,704</b>	<b>217,213</b>
<b>Expenses</b>		
Property operating expense	132,264	83,477
Interest expense	72,485	63,441
Investment and servicing expense	8,108	5,732
Transaction-related costs	2,685	596
Depreciation and amortization	170,967	76,236
Impairment loss	15,232	48,532
Compensation expense—cash and equity-based	83,419	42,737
Compensation expense—carried interest and incentive fee	(33)	—
Administrative expenses	18,957	29,558
Settlement loss	—	5,090
<b>Total expenses</b>	<b>504,084</b>	<b>355,399</b>
<b>Other loss</b>		
Other loss, net	(8,714)	(9,703)
Equity method losses	(18,686)	(11,879)
Equity method losses—carried interest	(222)	—
<b>Loss from continuing operations before income taxes</b>	<b>(216,002)</b>	<b>(159,768)</b>
Income tax benefit	25,825	5,569
<b>Loss from continuing operations</b>	<b>(190,177)</b>	<b>(154,199)</b>
Loss from discontinued operations	(437,422)	(249,858)
<b>Net loss</b>	<b>(627,599)</b>	<b>(404,057)</b>
Net income (loss) attributable to noncontrolling interests:		
Redeemable noncontrolling interests	2,449	(548)
Investment entities	(355,862)	(21,749)
Operating Company	(27,896)	(39,601)
<b>Net loss attributable to Colony Capital, Inc.</b>	<b>(246,290)</b>	<b>(342,159)</b>
Preferred stock dividends	18,516	19,474
<b>Net loss attributable to common stockholders</b>	<b>\$ (264,806)</b>	<b>\$ (361,633)</b>
<b>Loss per share—basic</b>		
Loss from continuing operations per common share—basic	\$ (0.30)	\$ (0.28)
Net loss attributable to common stockholders per common share—basic	\$ (0.56)	\$ (0.76)
<b>Loss per share—diluted</b>		
Loss from continuing operations per common share—diluted	\$ (0.30)	\$ (0.28)
Net loss attributable to common stockholders per common share—diluted	\$ (0.56)	\$ (0.76)
<b>Weighted average number of shares</b>		
Basic	474,899	479,106
Diluted	474,899	479,106
<b>Dividends declared per common share</b>	<b>\$ —</b>	<b>\$ 0.11</b>

The accompanying notes are an integral part of the consolidated financial statements.

**COLONY CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(In thousands)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net loss	\$ (627,599)	\$ (404,057)
Changes in accumulated other comprehensive income (loss) related to:		
Equity method investments	(2,708)	(26,477)
Available-for-sale debt securities	(3,309)	1,489
Cash flow hedges	1,285	41
Foreign currency translation	(59,618)	(60,374)
Net investment hedges	4,118	21,608
Other comprehensive loss	(60,232)	(63,713)
Comprehensive loss	(687,831)	(467,770)
Comprehensive income (loss) attributable to noncontrolling interests:		
Redeemable noncontrolling interests	2,449	(548)
Investment entities	(392,518)	(50,608)
Operating Company	(30,329)	(43,041)
Comprehensive loss attributable to stockholders	\$ (267,433)	\$ (373,573)

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)  
(Unaudited)

	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
<b>Balance at December 31, 2019</b>	\$ 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 loss	—	—	—	(342,159)	—	(342,159)	(21,749)	(39,601)	(403,509)
Other comprehensive loss	—	—	—	—	(31,414)	(31,414)	(28,859)	(3,440)	(63,713)
Common stock repurchases	—	(127)	(24,622)	—	—	(24,749)	—	—	(24,749)
Equity-based compensation	—	76	12,114	—	—	12,190	—	584	12,774
Shares canceled for tax withholdings on vested stock awards	—	(18)	(5,051)	—	—	(5,069)	—	—	(5,069)
Contributions from noncontrolling interests	—	—	—	—	—	—	87,736	—	87,736
Distributions to noncontrolling interests	—	—	—	—	—	—	(55,829)	(5,857)	(61,686)
Preferred stock dividends	—	—	—	(18,516)	—	(18,516)	—	—	(18,516)
Common stock dividends declared (\$0.11 per share)	—	—	—	(52,854)	—	(52,854)	—	—	(52,854)
Reallocation of equity (Notes 2 and 13)	—	—	(3,827)	—	(32)	(3,859)	—	3,859	—
<b>Balance at March 31, 2020</b>	<u>\$ 999,490</u>	<u>\$ 4,809</u>	<u>\$ 7,532,213</u>	<u>\$(3,806,308)</u>	<u>\$ 16,222</u>	<u>\$ 4,746,426</u>	<u>\$ 3,233,910</u>	<u>\$ 411,380</u>	<u>\$ 8,391,716</u>

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)  
(Unaudited)

	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
<b>Balance at December 31, 2020</b>	\$ 999,490	\$ 4,841	\$ 7,570,473	\$(6,195,456)	\$ 122,123	\$ 2,501,471	\$ 4,327,372	\$ 155,747	\$ 6,984,590
Net loss	—	—	—	(246,290)	—	(246,290)	(355,862)	(27,896)	(630,048)
Other comprehensive loss	—	—	—	—	(21,143)	(21,143)	(36,656)	(2,433)	(60,232)
Deconsolidation of investment entities (Note 14)	—	—	—	—	—	—	(22,413)	—	(22,413)
Redemption of OP Units for class A common stock	—	—	16	—	—	16	—	(16)	—
Equity-based compensation	—	48	16,536	—	—	16,584	308	1,308	18,200
Shares canceled for tax withholdings on vested stock awards	—	(11)	(7,707)	—	—	(7,718)	—	—	(7,718)
Contributions from noncontrolling interests	—	—	—	—	—	—	113,213	—	113,213
Distributions to noncontrolling interests	—	—	—	—	—	—	(26,739)	—	(26,739)
Preferred stock dividends	—	—	—	(18,516)	—	(18,516)	—	—	(18,516)
Reallocation of equity (Notes 2 and 13)	—	—	(2,445)	—	76	(2,369)	4,682	(2,313)	—
<b>Balance at March 31, 2021</b>	<u>\$ 999,490</u>	<u>\$ 4,878</u>	<u>\$ 7,576,873</u>	<u>\$(6,460,262)</u>	<u>\$ 101,056</u>	<u>\$ 2,222,035</u>	<u>\$ 4,003,905</u>	<u>\$ 124,397</u>	<u>\$ 6,350,337</u>

The accompanying notes are an integral part of the consolidated financial statements.



**COLONY CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (627,599)	\$ (404,057)
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	—	(594)
Paid-in-kind interest added to loan principal, net of interest received	(4,267)	(21,218)
Straight-line rent income	18,800	(2,069)
Amortization of above- and below-market lease values, net	6,098	(3,506)
Amortization of deferred financing costs and debt discount and premium, net	43,729	15,260
Equity method losses (gains)	111,519	(97,291)
Distributions of income from equity method investments	520	20,496
Allowance for doubtful accounts	205	404
Impairment of real estate and related intangibles and right-of-use assets	123,760	308,268
Goodwill impairment	—	79,000
Depreciation and amortization	190,305	137,491
Equity-based compensation	19,319	8,249
Unrealized settlement loss	—	3,890
Gain on sales of real estate, net	(45,750)	(7,932)
Settlement of forward starting interest rate swap	—	(6,641)
Deferred income tax benefit	(34,480)	(9,138)
Other loss, net	213,661	9,279
Decrease (increase) in other assets and due from affiliates	(31,721)	(6,406)
(Increase) decrease in accrued and other liabilities and due to affiliates	(7,460)	(81,407)
Other adjustments, net	(576)	(1,747)
Net cash provided by (used in) operating activities	(23,937)	(59,669)
<b>Cash Flows from Investing Activities</b>		
Contributions to and acquisition of equity investments	(117,776)	(126,837)
Return of capital from equity method investments	2,253	29,386
Acquisition of loans receivable and debt securities	(9,697)	—
Net disbursements on originated loans	(3,631)	(63,812)
Repayments of loans receivable	8,798	49,133
Acquisition of and additions to real estate, related intangibles and leasing commissions	(74,024)	(78,283)
Proceeds from sales of real estate	64,808	126,741
Proceeds from paydown and maturity of debt securities	—	1,623
Proceeds from sale of equity investments	90,509	231,078
Investment deposits	—	(3,593)
Proceeds from sale of non-real estate fixed assets	14,946	—
Net receipts on settlement of derivatives	15,913	3,227
Other investing activities, net	—	(1,742)
Net cash (used in) provided by investing activities	(7,901)	166,921

**COLONY CAPITAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
(In thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
<b>Cash Flows from Financing Activities</b>		
Dividends paid to preferred stockholders	\$ (18,516)	\$ (23,785)
Dividends paid to common stockholders	—	(53,657)
Repurchase of common stock	—	(24,749)
Repayment of convertible senior notes	(31,502)	—
Borrowings from corporate credit facility	—	600,000
Borrowings from secured debt	684,537	8,052
Repayments of secured debt	(600,082)	(111,678)
Payment of deferred financing costs	(18,543)	(140)
Contributions from noncontrolling interests	123,852	87,083
Distributions to and redemptions of noncontrolling interests	(32,857)	(68,320)
Redemption of preferred stock	—	(402,855)
Shares canceled for tax withholdings on vested stock awards	(7,718)	(5,069)
Net cash provided by financing activities	99,171	4,882
Effect of exchange rates on cash, cash equivalents and restricted cash	4,050	(3,650)
Net increase in cash, cash equivalents and restricted cash	71,383	108,484
Cash, cash equivalents and restricted cash, beginning of period	963,008	1,424,698
Cash, cash equivalents and restricted cash, end of period	<u>\$ 1,034,391</u>	<u>\$ 1,533,182</u>

**Reconciliation of cash, cash equivalents and restricted cash to consolidated balance sheets**

	Three Months Ended March 31,	
	2021	2020
<u>Beginning of the period</u>		
Cash and cash equivalents	\$ 703,544	\$ 1,205,190
Restricted cash	114,952	49,278
Restricted cash included in assets held for disposition	144,512	170,230
Total cash, cash equivalents and restricted cash, beginning of period	<u>\$ 963,008</u>	<u>\$ 1,424,698</u>
<u>End of the period</u>		
Cash and cash equivalents	\$ 788,361	\$ 1,361,769
Restricted cash	125,959	42,297
Restricted cash included in assets held for disposition	120,071	129,116
Total cash, cash equivalents and restricted cash, end of period	<u>\$ 1,034,391</u>	<u>\$ 1,533,182</u>

The accompanying notes are an integral part of the consolidated financial statements.

**COLONY CAPITAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2021**  
**(Unaudited)**

**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. 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.

At March 31, 2021, the Company has \$46 billion of total assets under management, including both third party capital and the Company's balance sheet, and \$18 billion of fee earning equity under management.

**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 March 31, 2021, 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.

**Digital Transformation**

Significant healthcare and economic challenges arising from the coronavirus disease 2019, or COVID-19 pandemic, reinforced the critical role and the resilience of the digital real estate and infrastructure sector in a global economy that is increasingly reliant on telecommunications and data transmission. Accordingly, in the second quarter of 2020, the Company determined to accelerate its previously announced shift to a digitally-focused strategy in order to better position the Company for growth, which requires a rotation of the Company's traditional non-digital assets into digital-focused investments.

During the first quarter of 2021, the Company successfully exited its hotel business, and continues its process of actively monetizing a substantial majority of its other equity and debt ("OED") investments and its non-digital investment management ("Other IM") business, both of which reside in the Other segment. The disposition of the Company's hotel business and the continued efforts to monetize the Company's OED investments and Other IM business represent strategic shifts in the Company's business that are expected to have a significant effect on the Company's operations and financial results, and accordingly, have met the criteria as discontinued operations. For all current and prior periods presented, the related assets and liabilities, to the extent they have not been disposed at the respective balance sheet dates, are presented as assets and liabilities held for disposition on the consolidated balance sheets (Note 7) and the related operating results are presented as loss from discontinued operations on the consolidated statements of operations (Note 14).

***Accelerating the Monetization of OED and Other IM***

Having successfully exited its hotel business in the first quarter of 2021, the Company is continuing its efforts to accelerate the monetization of a substantial majority of its OED investments and Other IM business. These assets consist of non-digital real estate, real estate-related equity and debt investments, and management of the Company's private real estate credit funds and Colony Credit Real Estate, Inc. (NYSE: CLNC). In consideration of a potential monetization and consequently, classification of the assets as held for disposition, the Company reassessed the carrying value of these assets based upon estimated recoverable values. As a result, the Company recognized an aggregate write-down in asset values of \$420.3 million, of which \$121.2 million was attributable to the OP, recorded within impairment loss, equity method loss and other loss in discontinued operations (Note 7).

In April 2021, the Company and CLNC agreed to terminate the management agreement for a one-time termination fee of \$102.3 million in cash. The transaction closed on April 30, 2021, resulting in the internalization of CLNC's management and operating functions (the "CLNC Internalization"), with certain employees previously dedicated wholly or substantially to CLNC becoming employees of CLNC. In connection with the CLNC Internalization, CLNC's board of directors ceased to include Company-affiliated directors on CLNC's board of directors upon expiration of their terms in May 2021. The Company also entered into a new stockholders agreement, pursuant to which the Company agreed, for so long as the Company owns at least 10% of CLNC's outstanding common shares, to vote in CLNC director elections as recommended by CLNC's board of directors at any stockholders' meeting that occurs prior to CLNC's 2023 annual

stockholders' meeting. In addition, the Company is subject to customary standstill restrictions, including an obligation not to initiate or make stockholder proposals, nominate directors or participate in proxy solicitations, until the beginning of the advance notice window for CLNC's 2023 annual meeting. The Company currently holds a 36.1% equity ownership in CLNC and is prohibited from acquiring additional CLNC shares.

### ***Exit of the Hotel Business***

In March 2021, the Company completed the previously announced exit of its hotel business, which represents a key milestone in the Company's digital transformation. Pursuant to an agreement entered into with a third party in September 2020 (as amended in October 2020, February 2021 and March 2021), the Company sold five of the six hotel portfolios in its Hospitality segment and its 55.6% interest in a portfolio of limited service hotels that was acquired through a consensual foreclosure in July 2017 (the "THL Hotel Portfolio") in its 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 currently managed by the Company. Two of the hotel portfolios that were sold in the Hospitality segment were held through joint ventures in which the Company held a 90% and a 97.5% interest, respectively. The aggregate selling price of \$67.5 million, represented a transaction value of approximately \$2.8 billion, with the acquirer's assumption of \$2.7 billion of investment-level debt.

## **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 unaudited interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. These statements reflect all normal and recurring adjustments which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim periods presented. However, the results of operations for the interim period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2021, or any other future period. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in, or presented as exhibits to, the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

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 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 13) 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.

### **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 accelerated monetization of a substantial majority of the Company's OED investments and Other IM business in the Other segment that is in progress as of March 2021; the disposition of the hotel business, composed of the Hospitality segment and the THL Hotel Portfolio in the Other segment in March 2021; and the disposition of the bulk industrial portfolio in December 2020, all represent strategic shifts that have or will have major effects on the Company's operations and financial results, and have met the criteria as discontinued operations as of March 2021, 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 7) and the related operating results are presented as income (loss) from discontinued operations on the consolidated statements of operations (Note 14). Discontinued operations in prior periods include investments in the Other segment that were disposed or otherwise resolved in those periods.

### **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 20. Additionally, costs related to unconsummated transactions that were previously included within investment and servicing expense in prior periods have been reclassified into transaction-related costs on the consolidated statement of operations to conform to current period presentation. These reclassifications did not affect the Company's financial position, results of operations or cash flows.

### **Adjustment to Accumulated Deficit**

On January 1, 2020, upon adoption of Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses*, the Company recorded a \$5.1 million increase to accumulated deficit, composed of: (i) an \$8.4 million increase to accumulated deficit, representing the Company's share of the cumulative effect adjustment of adopting the lifetime current expected credit loss model by its equity method investee, CLNC; partially offset by (ii) a \$3.3 million



decrease to accumulated deficit, reflecting the cumulative effect adjustment of the Company's election of the fair value option for all of its then outstanding loans receivable.

## **Accounting Standards Adopted in 2021**

### ***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. The Company adopted ASU No. 2019-12 on January 1, 2021, with no resulting effect upon adoption.

### ***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. The Company adopted the new guidance on January 1, 2021, with no resulting effect upon adoption.

### ***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 earnings per share ("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. The Company early adopted the new standard on January 1, 2021 using a modified retrospective approach, with no resulting effect upon adoption.

### **3. Acquisitions**

#### **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 an approximately 90% equity interest in entities that hold Vantage Data Centers Holdings, LLC's ("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 approximately \$200 million or a 13% equity interest in Vantage SDC. Vantage SDC is a carve-out from Vantage's data center business. The acquisition excluded 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 continue 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 previous 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. Pursuant to this arrangement, Vantage SDC entered into a lease with a tenant related to a portion of the expansion capacity in the first quarter of 2021, which triggered a payment of \$14.8 million to the previous owners of Vantage SDC. The payment was treated as an asset acquisition, which consideration was allocated to data center infrastructure and in-place lease acquired, and as additional consideration for land and building on a relative fair value basis based upon the valuation of the initial acquisition.

##### ***zColo Colocation Data Centers***

In December 2020, the Company's DataBank subsidiary acquired zColo, the colocation business 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 is \$145 million (\$188 million at the time of closing), which maintained 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. Zayo is an anchor tenant within the zColo facilities and is a significant customer of DataBank.

#### **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.



(In thousands)	Asset Acquisitions		
	2021	2020	
	zColo France	Vantage SDC	zColo US and UK
<b>Assets acquired and liabilities assumed</b>			
Cash	\$ —	\$ —	\$ 266
Real estate	26,083	2,720,870	882,327
Intangible assets	8,702	765,137	303,119
Lease right-of-use ("ROU") and other assets	9,536	181,260	415,038
Debt	—	(2,060,307)	—
Intangible, lease and other liabilities	(11,303)	(82,350)	(419,262)
Fair value of net assets acquired for cash consideration	\$ 33,018	\$ 1,524,610	\$ 1,181,488

- 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 estimated selling costs for real estate held for sale. Useful lives of real estate acquired ranges from 30 to 50 years for buildings and improvements, 7 to 21 years for site improvements, 12 to 19 years for data center infrastructure, and 1 to 5 years for furniture, fixtures and equipment.
- 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 3 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 2 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 estimated time it would require to execute a new lease or backfill a vacant space, discounted at rates between 6% and 11.5%, with estimated useful lives between 5 and 15 years.
- Other intangible assets acquired were as follows:
  - Customer service contracts were valued based upon estimated net cash flows generated from the 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 3 and 15 years.
  - Customer relationships were valued as the incremental net cash flows to the zColo business attributable to the in-place customer relationships, discounted at 10%, with estimated useful life of 12 years.
  - Trade name of zColo was valued based upon estimated savings from avoided royalty at a rate of 1%, discounted at 11.5%, with useful life of 1 year.
  - Assembled workforce was valued based upon the estimated cost of recruiting and training new data center employees for zColo, with a 3 year useful life.
- Other assets acquired and liabilities assumed include primarily lease ROU assets associated with leasehold data centers and corresponding lease liabilities. Lease liabilities were measured based upon the present value of future lease payments over the lease term, discounted at the incremental borrowing rate of the respective acquirees.
- Assumed debt was valued based upon market rates and spreads that prevailed at the time of acquisition for debt with similar terms and remaining maturities.

### Other Real Estate Asset Acquisitions

The following table summarizes the Company's other real estate asset acquisitions in 2020 in addition to those discussed above:

(\$ in thousands)				Purchase Price Allocation <sup>(1)</sup>					
				Land	Buildings and Improvements	Lease-Related Intangible Assets	Lease ROU and Other Assets	Debt	Intangible, Lease and Other Liabilities
Acquisition Date	Property Type and Location	Number of Properties	Purchase Price <sup>(1)</sup>						
<b>2020</b>									
Various	Hotel—France <sup>(2)</sup>	9	\$ 37,916	\$ 5,243	\$ 34,038	\$ —	\$ 43,503	\$ (2,245)	\$ (42,623)
Various	Easements—Various in U.S. <sup>(3)</sup>	—	2,586	2,586	—	—	—	—	—
October	Office—U.K. and Ireland <sup>(4)</sup>	5	32,975	57,222	67,113	5,383	33,054	(124,981)	(4,816)
December	Land—U.S	—	5,116	5,116	—	—	—	—	—
			<u>\$ 78,593</u>	<u>\$ 70,167</u>	<u>\$ 101,151</u>	<u>\$ 5,383</u>	<u>\$ 76,557</u>	<u>\$ (127,226)</u>	<u>\$ (47,439)</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Transferred to the Company's new sponsored fund, Digital Colony Partners II, LP, or DCP II, in December 2020.

<sup>(4)</sup> The Company acquired a controlling equity interest in a borrower upon default of an acquisition, development and construction ("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 is in default.

### 4. Real Estate

The following table summarizes the Company's real estate held for investment. Real estate held for disposition is presented in Note 7.

(In thousands)	March 31, 2021	December 31, 2020
Land	\$ 511,243	\$ 516,085
Buildings and improvements	4,203,240	4,295,256
Tenant improvements	82,320	80,598
Data center infrastructure	3,444,660	3,396,854
Furniture, fixtures and equipment	71,404	74,327
Construction in progress	68,048	49,895
	<u>8,380,915</u>	<u>8,413,015</u>
Less: Accumulated depreciation	(678,204)	(603,051)
Real estate assets, net	<u>\$ 7,702,711</u>	<u>\$ 7,809,964</u>

### Real Estate Sales

Results from sales of real estate, including discontinued operations (Note 14), are as follows:

(In thousands)	Three Months Ended March 31,	
	2021	2020
Proceeds from sales of real estate	\$ 64,808	\$ 126,741
Gain on sale of real estate	45,750	7,932

## Depreciation and Impairment

The following table summarizes real estate depreciation and impairment.

(In thousands)	Three Months Ended March 31,	
	2021	2020
Depreciation of real estate held for investment	\$ 95,611	\$ 47,919
Impairment of real estate and related asset group <sup>(1)</sup>		
Continuing operations		
Held for disposition	14,466	204
Held for investment	766	48,328
Discontinued operations		
Held for disposition	104,528	7,372
Held for investment <sup>(2)</sup>	—	252,364

<sup>(1)</sup> Includes impairment of real estate intangibles of \$63,000 and \$7.0 million in the three months ended March 31, 2021 and 2020, respectively, and impairment of ground lease ROU of \$6.1 million and \$13.0 million in the three months ended March 31, 2021 and 2020, respectively.

<sup>(2)</sup> Represents impairment recorded in 2020 on properties in the Hospitality and Other segments prior to their reclassification as held for disposition 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 less estimated selling costs. Real estate held for disposition that has been written down and carried at fair value totaled \$82.7 million and \$897.9 million relating to continuing and discontinued operations, respectively, at March 31, 2021 and \$1.0 billion relating to discontinued operations at December 31, 2020, generally representing Level 3 fair value.

Real estate held for disposition that was written down in 2021 and in 2020 was valued using either estimated recoverable value, sales price, broker opinions of value, or third-party appraisals, in certain cases, adjusted as deemed appropriate by management to account for the inherent risk associated with specific properties. Impairment on real estate held for disposition in 2020 also factored in the economic effects of COVID-19 on real estate values. Fair value of real estate held for disposition was generally reduced for estimated selling costs, where applicable, ranging from 1% to 3%.

### Impairment of Real Estate Held for Investment

Real estate held for investment that was written down to fair value during the three months ended March 31, 2021 had carrying values of \$1.1 million relating to continuing operations, and for the year ended December 31, 2020, carrying values of \$1.3 billion and \$2.4 billion relating to continuing and discontinued operations, respectively, at the time of impairment, representing Level 3 fair value. Real estate carrying values at December 31, 2020 included properties in the Hospitality and Other segments that were impaired in 2020 prior to being classified as held for sale and discontinued operations.

Impairment in 2021 relates to the Wellness Infrastructure segment and was based upon an appraised value of a net leased skilled nursing facility that may be repurposed or sold.

Impairment in 2020 was attributed primarily to shortened hold period assumptions, particularly in the hotel and wellness infrastructure portfolios, driven by the Company's accelerated digital transformation in the second quarter of 2020, and/or to a lesser extent, decline in property operating performance, in part from the economic effects of COVID-19. The Company compared the real estate carrying values to the undiscounted future net cash flows expected to be generated by these properties over their expected hold periods. 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 value of impaired real estate held for investment in 2020 was estimated based upon: (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 the properties and adjusted the capitalization rates and/or discount rates as applicable. Impairment was measured as the excess of carrying value over fair value for each of these properties.

As assessment of real estate impairment is subjective and judgmental, actual results may differ if changes occur in the assumptions used and/or in market conditions and accordingly, negative changes to these variables would result in further impairment charge in the future.

**Property Operating Income**

Components of property operating income are as follows, excluding amounts related to discontinued operations (Note 14).

(In thousands)	Three Months Ended March 31,	
	2021	2020
<b>Lease income:</b>		
Fixed lease income	\$ 231,631	\$ 161,896
Variable lease income	28,198	10,084
	259,829	171,980
Data center service revenue	15,387	11,973
	\$ 275,216	\$ 183,953

For the three months ended March 31, 2021, property operating income from a single tenant accounted for approximately 11% of the Company's total revenues, excluding discontinued operations. The Company's share of property operating income from the tenant is approximately 13%, net of amounts attributable to noncontrolling interests in investment entities. There was no similar tenant concentration in the three months ended March 31, 2020.

**5. Equity and Debt Investments**

The Company's equity investments and debt securities, excluding investments held for disposition (Note 7), are represented by the following:

(In thousands)	March 31, 2021	December 31, 2020
<b>Equity Investments</b>		
Equity method investments		
CLNC	\$ 352,822	\$ 385,193
Other investment ventures	18,641	19,903
Private funds	175,364	173,039
Investments under fair value option	39,342	31,012
	586,169	609,147
Other equity investments		
Marketable equity securities	129,103	218,485
Non-traded REIT and private funds	27,828	20,495
Total equity investments	743,100	848,127
<b>Debt Securities</b>		
N-Star CDO bonds, available for sale	34,719	28,576
<b>Equity and debt investments</b>	\$ 777,819	\$ 876,703

**Equity Investments**

The Company's equity investments represent noncontrolling equity interests in various entities, including equity method investments for which the Company has elected the fair value option.

**Equity Method Investments**

The Company owns a 36.1% interest in CLNC, accounted for under the equity method, as it exercises significant influence over CLNC's operating and financial policies through a combination of its ownership interest, and prior to May 2021, its role as the external manager and its representation on CLNC's board of directors. Other equity method investments, excluding investments held for disposition, are composed primarily of interests in the Company's sponsored digital investment vehicles, and certain investments accounted for under the fair value option (Note 10).

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 the Company for the obligations of these investment entities. The Company is not required to provide financial or other support in excess of its capital commitments and its exposure is limited to its investment balance.

*Other-Than-Temporary Impairment ("OTTI")*—The Company evaluates its equity method investments for OTTI at each reporting period. The Company determined there was no OTTI in the three months ended March 31, 2021.

In the second quarter of 2020, 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, measured as the excess of carrying value of its investment in CLNC over market value of \$336.5 million based upon CLNC's closing stock price of \$7.02 per share on June 30, 2020. At March 31, 2021, the fair value of the Company's investment in CLNC, based upon its closing stock price of \$8.52 per share, was in excess of its carrying value.

*Basis Difference*—The impairment charges recorded by the Company on its investment in CLNC 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 the basis difference, the impairment charge was generally allocated on a relative fair value basis across CLNC's various investments. Accordingly, for any future write-downs taken by CLNC on these investments, the Company's share thereof is applied to reduce the basis difference and is not recorded as an equity method loss until such time the basis difference associated with the respective investments has been fully eliminated. For the three months ended March 31, 2021 and 2020, the Company reduced its share of net loss of CLNC by \$24.6 million and \$19.2 million, respectively, representing the basis difference allocated to investments that were resolved or impaired by CLNC during these periods. The remaining basis difference at March 31, 2021 was \$252.9 million.

### **Other Equity Investments**

Other equity investments consist of the following:

*Marketable Equity Securities*—These are publicly traded equity securities held by private open-end funds consolidated by the Company and prior to January 2021, equity investment in a third party mutual fund (Note 10). The equity securities of the consolidated funds 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.

*Non-Traded REIT and Private Funds*—These represent interests in a Company-sponsored non-traded REIT, NorthStar Healthcare Income, Inc. ("NorthStar Healthcare"), and a private fund, for which the Company elected the net asset value ("NAV") practical expedient (Note 10), and an investment in a Company-managed sub-account of a third party private fund.

### **Investment and Lending Commitments**

*Private Funds*—At March 31, 2021, the Company has unfunded commitments of \$169.9 million to the Company's sponsored digital funds.

*Loans Receivable*—The Company has lending commitments to borrowers pursuant to certain loan agreements in which the borrower may submit a request for funding contingent on meeting certain criteria, which must be approved by the Company as lender, such as capital expenditures and construction in progress with an approved budget. At March 31, 2021, total unfunded lending commitments was \$39.8 million, of which the Company's share was \$15.3 million, net of amounts attributable to noncontrolling interests in investment entities.

### **Debt Securities**

The Company's investment in debt securities is composed of available-for-sale ("AFS") N-Star CDO bonds, which are 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.

The following tables summarize the balance 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	
March 31, 2021	\$ 56,207	\$ (24,882)	\$ 3,394	\$ —	\$ 34,719
December 31, 2020	46,561	(24,688)	6,703	—	28,576

There were no sales of N-Star CDO bonds during the three months ended March 31, 2021 and year ended December 31, 2020.

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 March 31, 2021.

#### Impairment of AFS Debt Securities

AFS debt securities are considered to be impaired if their fair value is less than their amortized cost basis. If the Company intends to sell or is more likely than not 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, 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 is more likely than not required to sell the security, or if the Company deems the security to be uncollectible.

Changes in allowance for credit losses for AFS debt securities are presented below:

(In thousands)	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 24,688	\$ —
Provision for credit losses	194	816
Ending balance	\$ 24,882	\$ 816

Credit losses were 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 March 31, 2021 and December 31, 2020, there were no AFS debt securities in unrealized loss position without allowance for credit loss.

## 6. Goodwill, Deferred Leasing Costs and Other Intangibles

### Goodwill

Goodwill balance by reportable segment is as follows, excluding goodwill in the Other segment that is held for disposition (Note 7).

(In thousands)	March 31, 2021	December 31, 2020
Balance by reportable segment:		
Digital Operating	\$ 463,120	\$ 463,120
Digital Investment Management <sup>(1)</sup>	298,248	298,248
	\$ 761,368	\$ 761,368

<sup>(1)</sup> Goodwill of \$140.5 million is deductible for income tax purposes.

## 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.

(In thousands)	March 31, 2021			December 31, 2020		
	Carrying Amount (Net of Impairment)	Accumulated Amortization <sup>(1)</sup>	Net Carrying Amount <sup>(1)</sup>	Carrying Amount (Net of Impairment)	Accumulated Amortization <sup>(1)</sup>	Net Carrying Amount <sup>(1)</sup>
<b>Deferred Leasing Costs and Intangible Assets</b>						
Deferred leasing costs and lease related intangible assets <sup>(2)</sup>	\$ 1,251,299	\$ (230,981)	\$ 1,020,318	\$ 1,245,878	\$ (180,372)	\$ 1,065,506
Investment management intangibles <sup>(3)</sup>	226,471	(98,219)	128,252	226,471	(90,624)	135,847
Customer relationships and service contracts <sup>(4)</sup>	218,081	(23,275)	194,806	217,809	(13,547)	204,262
Trade names	41,900	(16,665)	25,235	41,900	(4,713)	37,187
Other <sup>(5)</sup>	24,596	(679)	23,917	25,574	(651)	24,923
Total deferred leasing costs and intangible assets	\$ 1,762,347	\$ (369,819)	\$ 1,392,528	\$ 1,757,632	\$ (289,907)	\$ 1,467,725
<b>Intangible Liabilities</b>						
Lease intangible liabilities <sup>(2)</sup>	\$ 154,103	\$ (64,188)	\$ 89,915	\$ 153,808	\$ (59,956)	\$ 93,852

<sup>(1)</sup> 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. Amounts are presented net of impairments and write-offs.

<sup>(2)</sup> 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.

<sup>(3)</sup> Composed of investment management contracts and investor relationships.

<sup>(4)</sup> In connection with data center services provided in the colocation data center business.

<sup>(5)</sup> Represents primarily assembled workforce acquired in an asset acquisition and certificates of need associated with certain wellness infrastructure portfolios which are not subject to amortization.

### Impairment of Identifiable Intangible Assets

During the year ended December 31, 2020, investment management contracts were impaired by \$8.2 million to an aggregate fair value of \$12.4 million at the time of impairment. Fair value was based upon the revised future net cash flows over the remaining life of the respective contracts, generally discounted at 10%, and represent Level 3 fair values. There was no impairment recorded in the three months ended March 31, 2021.

Real estate related intangible assets 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 14):

(In thousands)	Three Months Ended March 31,	
	2021	2020
Net increase (decrease) to rental income <sup>(1)</sup>	\$ (5,836)	\$ 3,660
<b>Amortization expense</b>		
Deferred leasing costs and lease related intangibles	\$ 45,475	\$ 15,240
Investment management intangibles	6,238	6,658
Customer relationships and service contracts	9,837	3,695
Trade name	11,951	1,098
Other	459	74
	\$ 73,960	\$ 26,765

<sup>(1)</sup> Represents the effect of amortizing above- and below-market leases and lease incentives.

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.

(In thousands)	Year Ending December 31,						Total
	Remaining 2021	2022	2023	2024	2025	2026 and Thereafter	
Net increase (decrease) to rental income	\$ 53	\$ 1,431	\$ 3,111	\$ 2,392	\$ 1,168	\$ (5,047)	\$ 3,108
Amortization expense	189,235	162,906	141,252	112,248	100,057	581,627	1,287,325

## 7. 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 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 properties 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.

(In thousands)	March 31, 2021			December 31, 2020		
	Disposition by Sale	Non-Sale Disposition	Total Held for Disposition	Disposition by Sale	Non-Sale Disposition	Total Held for Disposition
<b>Assets</b>						
Restricted cash	\$ 117,548	\$ 2,523	\$ 120,071	\$ 129,817	\$ 14,695	\$ 144,512
Real estate, net	1,193,009	736,218	1,929,227	4,077,698	743,227	4,820,925
Loans receivable	977,759	—	977,759	1,211,307	—	1,211,307
Equity investments	758,953	—	758,953	860,776	—	860,776
Goodwill, deferred leasing costs and other intangible assets, net	139,851	436	140,287	148,552	437	148,989
Other assets <sup>(1)</sup>	127,235	26,281	153,516	210,238	15,166	225,404
Due from affiliates	14,844	—	14,844	14,355	—	14,355
<b>Total assets held for disposition</b>	<b>\$ 3,329,199</b>	<b>\$ 765,458</b>	<b>\$ 4,094,657</b>	<b>\$ 6,652,743</b>	<b>\$ 773,525</b>	<b>\$ 7,426,268</b>
<b>Liabilities</b>						
Debt, net <sup>(2)</sup>	\$ 922,425	\$ 780,000	\$ 1,702,425	\$ 3,631,467	\$ 780,000	\$ 4,411,467
Lease intangibles and other liabilities	180,050	54,168	234,218	272,792	47,513	320,305
<b>Total liabilities related to assets held for disposition</b>	<b>\$ 1,102,475</b>	<b>\$ 834,168</b>	<b>\$ 1,936,643</b>	<b>\$ 3,904,259</b>	<b>\$ 827,513</b>	<b>\$ 4,731,772</b>

<sup>(1)</sup> Included corporate aircraft that was impaired by \$11.9 million in the second quarter of 2020 to reflect recoverable value prior to its sale to a third party in January 2021.

<sup>(2)</sup> Represents debt related to assets held for disposition if the debt is expected to be assumed by the acquirer upon sale or if 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 14). These assets and liabilities are composed of OED investments and intangible assets of the Other IM business, both of which resided in the Other segment, and, prior to its disposition in March 2021, the Company's hotel business, with one hotel portfolio remaining in receivership, as discussed above.

(In thousands)	March 31, 2021		December 31, 2020	
	Other	Hotel	Other	Hotel
<b>Assets</b>				
Restricted cash	\$ 114,074	\$ 2,523	\$ 51,528	\$ 92,870
Real estate, net	944,730	736,218	1,153,724	3,504,249
Loans receivable	977,759	—	1,211,307	—
Equity investments	758,953	—	860,776	—
Goodwill, deferred leasing costs and other intangible assets, net	133,187	436	143,122	1,851
Other assets	119,948	26,281	152,871	70,343
Due from affiliates	14,844	—	14,355	—
<b>Total assets held for disposition—discontinued operations</b>	<b>\$ 3,063,495</b>	<b>\$ 765,458</b>	<b>\$ 3,587,683</b>	<b>\$ 3,669,313</b>
<b>Liabilities</b>				
Debt, net	\$ 878,609	\$ 780,000	\$ 917,388	\$ 3,494,079
Lease intangibles and other liabilities	137,583	54,168	138,265	164,339
<b>Total liabilities related to assets held for disposition—discontinued operations</b>	<b>\$ 1,016,192</b>	<b>\$ 834,168</b>	<b>\$ 1,055,653</b>	<b>\$ 3,658,418</b>

### Impairment of Assets Classified as Held for Disposition and Discontinued Operations

**Real Estate and Related Intangible Assets**—Impairment loss was recorded on real estate and related intangible assets classified as held for disposition and discontinued operations totaling \$104.5 million and \$259.7 million in the three months ended March 31, 2021 and 2020, respectively (Note 14), as discussed in Note 4.

**Goodwill**—No impairment loss was recorded in the three months ended March 31, 2021 on the Other IM goodwill that is classified as held for disposition and discontinued operations. In 2020, the Company had recognized impairment loss on its Other IM goodwill of \$79.0 million in the first quarter and \$515.0 million in the second quarter. In light of the economic effects of COVID-19 and the Company's acceleration of its digital transformation in the second quarter of 2020, both of which represented indicators of impairment, the Company's quantitative test in the prior year indicated that the carrying value of the Other IM reporting unit, including goodwill, exceeded its estimated fair value at March 31, 2020 and at June 30, 2020. In valuing the Other IM reporting unit in 2020, no value was ascribed to (a) the future capital raising potential of the non-digital credit and opportunity fund management business as it is no longer part of the Company's long-term strategy; and (b) the hypothetical contract of internally managing the Company's non-digital balance sheet assets following significant decreases in asset values in 2020. The remaining value of the Other IM reporting unit represents principally the CLNC management contract that was valued based upon its contractual termination value, which approximated fair value.

The Other IM goodwill balance of \$81.6 million at March 31, 2021 was fully realized in April 2021 upon termination of the CLNC management contract.

**Other Intangible Assets**—In the three months ended March 31, 2021, investor relationship intangible asset in Other IM was impaired by \$4.0 million (Note 14) to a fair value of \$5.5 million based upon estimated recoverable value in a potential monetization of the Company's Other IM business. There was no impairment loss recorded on Other IM identifiable intangible assets held for disposition in 2020.

**Equity Method Investments**—Impairment was recorded on equity method investments classified as held for disposition and discontinued operations totaling \$82.9 million and \$0.8 million for the three months ended March 31, 2021 and 2020, respectively, included within equity method losses (Note 14). Equity method investments that were impaired and written down to fair value during the three months ended March 31, 2021 and year ended December 31, 2020 had carrying values totaling \$479.3 million and \$701.8 million, respectively, at the time of impairment. Impairment recorded in 2021 was based upon estimated recoverable values, primarily on ADC loans accounted for as equity method investments. Significant impairment was also recorded on these ADC loans in the fourth quarter of 2020, previously driven by 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%. Other impairment charges during 2020 were generally determined using estimated recoverable values for investments resolved or sold, investment values based upon projected exit strategies, or fair values based upon discounted expected future cash flows from the investments.

**Assets Carried at Fair Value**—For assets classified as held for disposition and discontinued operations that are carried at fair value, unrealized fair value losses were recorded in other loss of \$3.1 million for interest in a third party fund and \$200.7 million for loans receivable, and in equity method losses of \$25.1 million for equity method investments (Note 14). Additional information is included Note 10 under "— Level 3 Recurring Fair Values."

## 8. Restricted Cash, Other Assets and Other Liabilities

### Restricted Cash

The following table summarizes the Company's restricted cash balance:

(In thousands)	March 31, 2021	December 31, 2020
Capital expenditures reserves <sup>(1)</sup>	\$ 10,618	\$ 13,516
Real estate escrow reserves <sup>(2)</sup>	8,645	10,225
Lender restricted cash <sup>(3)</sup>	93,809	82,419
Other <sup>(4)</sup>	12,887	8,792
<b>Total restricted cash</b>	<b>\$ 125,959</b>	<b>\$ 114,952</b>

<sup>(1)</sup> Represents primarily cash held by lenders for capital improvements, tenant improvements, lease renewal and replacement reserves related to real estate assets.

<sup>(2)</sup> Represents primarily insurance, real estate tax, repair and maintenance, tenant security deposits and other escrows related to real estate assets.

<sup>(3)</sup> Represents cash from the Company's investment properties that is restricted by lenders in accordance with respective debt agreements.

<sup>(4)</sup> Includes investment sales proceeds held in escrow.

### Other Assets

The following table summarizes the Company's other assets:

(In thousands)	March 31, 2021	December 31, 2020
Straight-line rents	\$ 37,776	\$ 52,136
Investment deposits and pending deal costs	—	33,977
Prefunded capital expenditures for Vantage SDC	42,647	48,881
Deferred financing costs, net <sup>(1)</sup>	700	1,189
Derivative assets (Note 10)	4,280	99
Prepaid taxes and deferred tax assets, net	66,992	59,932
Operating lease right-of-use asset, net <sup>(2)</sup>	388,697	391,935
Finance lease right-of-use asset, net	140,271	143,182
Accounts receivable, net <sup>(3)</sup>	88,356	61,693
Prepaid expenses	30,455	28,563
Other assets	13,321	43,966
Fixed assets, net	20,823	21,264
<b>Total other assets</b>	<b>\$ 834,318</b>	<b>\$ 886,817</b>

<sup>(1)</sup> Deferred financing costs relate to revolving credit arrangements.

<sup>(2)</sup> Net of impairment of \$9.4 million at December 31, 2020 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.

<sup>(3)</sup> Includes primarily receivables from tenants, resident fees, and reimbursable capital expenditures, and is presented net of immaterial allowance for doubtful accounts, where applicable.

## Accrued and Other Liabilities

The following table summarizes the Company's accrued and other liabilities:

(In thousands)	March 31, 2021	December 31, 2020
Tenant security deposits and payable	\$ 8,761	\$ 9,321
Deferred income <sup>(1)</sup>	31,230	36,263
Interest payable	28,678	24,948
Derivative liabilities (Note 10)	1,216	103,772
Current and deferred income tax liability	122,943	153,167
Operating lease liability	363,594	373,525
Finance lease liability	146,750	148,974
Accrued compensation	52,838	78,748
Accrued carried interest and incentive fee compensation	1,870	1,907
Accrued real estate and other taxes	20,673	13,248
Accounts payable and accrued expenses	108,933	147,996
Other liabilities	148,732	101,732
Accrued and other liabilities	<u>\$ 1,036,218</u>	<u>\$ 1,193,601</u>

<sup>(1)</sup> Represents primarily prepaid rental income, prepaid interest from borrowers held in reserve accounts, and deferred management fees from digital investment vehicles. Deferred management fees totaling \$1.8 million at March 31, 2021 and \$6.1 million at December 31, 2020 is expected to be recognized as fee income over a weighted average period of 4.9 years and 1.9 years, respectively.

## 9. Debt

The Company's debt balance 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 7).

(In thousands)	Corporate Credit Facility <sup>(1)</sup>	Convertible and Exchangeable Senior Notes	Secured Debt <sup>(2)</sup>	Junior Subordinated Notes	Total Debt
<b>March 31, 2021</b>					
Debt at amortized cost					
Principal	\$ —	\$ 513,605	\$ 6,229,504	\$ 280,117	\$ 7,023,226
Premium (discount), net	—	(6,180)	20,265	(75,499)	(61,414)
Deferred financing costs	—	(2,444)	(82,077)	—	(84,521)
	<u>\$ —</u>	<u>\$ 504,981</u>	<u>\$ 6,167,692</u>	<u>\$ 204,618</u>	<u>\$ 6,877,291</u>
<b>December 31, 2020</b>					
Debt at amortized cost					
Principal	\$ —	\$ 545,107	\$ 6,178,579	\$ 280,117	\$ 7,003,803
Premium (discount), net	—	(6,540)	21,811	(76,269)	(60,998)
Deferred financing costs	—	(2,670)	(67,785)	—	(70,455)
	<u>\$ —</u>	<u>\$ 535,897</u>	<u>\$ 6,132,605</u>	<u>\$ 203,848</u>	<u>\$ 6,872,350</u>

<sup>(1)</sup> Deferred financing costs related to the corporate credit facility are included in other assets.

<sup>(2)</sup> Debt principal totaling \$253.7 million at March 31, 2021 and \$272.5 million at December 31, 2020 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 is included in liabilities related to assets held for disposition (Note 7).

The following table summarizes certain characteristics of the Company's debt.

(\$ in thousands)	Fixed Rate			Variable Rate			Total		
	Outstanding Principal	Weighted Average Interest Rate (Per Annum) <sup>(1)</sup>	Weighted Average Years Remaining to Maturity <sup>(2)</sup>	Outstanding Principal	Weighted Average Interest Rate (Per Annum) <sup>(1)</sup>	Weighted Average Years Remaining to Maturity <sup>(2)</sup>	Outstanding Principal	Weighted Average Interest Rate (Per Annum) <sup>(1)</sup>	Weighted Average Years Remaining to Maturity <sup>(2)</sup>
<b>March 31, 2021</b>									
<b>Recourse</b>									
Corporate credit facility	\$ —	N/A	N/A	\$ —	— %	0.8	\$ —	— %	0.8
Convertible and exchangeable senior notes <sup>(3)</sup>	513,605	5.31 %	3.3	—	N/A	N/A	513,605	5.31 %	3.3
Junior subordinated debt <sup>(4)</sup>	—	N/A	N/A	280,117	3.06 %	15.2	280,117	3.06 %	15.2
	<u>513,605</u>			<u>280,117</u>			<u>793,722</u>		
<b>Non-recourse <sup>(5)</sup></b>									
<b>Secured debt</b>									
Digital Operating	2,789,338	2.49 %	4.6	580,000	5.70 %	4.7	3,369,338	3.04 %	4.6
Wellness Infrastructure	400,075	4.55 %	3.9	2,283,458	3.89 %	3.1	2,683,533	4.02 %	3.2
Other—Other Equity and Debt	21,316	5.63 %	—	155,317	4.85 %	0.8	176,633	4.94 %	0.7
	<u>3,210,729</u>			<u>3,018,775</u>			<u>6,229,504</u>		
	<u>\$ 3,724,334</u>			<u>\$ 3,298,892</u>			<u>\$ 7,023,226</u>		
<b>December 31, 2020</b>									
<b>Recourse</b>									
Corporate credit facility	\$ —	N/A	N/A	\$ —	— %	1.0	\$ —	— %	1.0
Convertible and exchangeable senior notes <sup>(3)</sup>	545,107	5.36 %	3.6	—	N/A	N/A	545,107	5.36 %	3.6
Junior subordinated debt <sup>(4)</sup>	—	N/A	N/A	280,117	3.10 %	15.4	280,117	3.10 %	15.4
Secured debt <sup>(6)</sup>	32,815	5.02 %	—	—	N/A	N/A	32,815	5.02 %	—
	<u>577,922</u>			<u>280,117</u>			<u>858,039</u>		
<b>Non-recourse <sup>(5)</sup></b>									
<b>Secured debt</b>									
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	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	21,316	5.63 %	—	164,472	3.85 %	0.1	185,788	4.05 %	0.1
	<u>2,555,935</u>			<u>3,589,829</u>			<u>6,145,764</u>		
	<u>\$ 3,133,857</u>			<u>\$ 3,869,946</u>			<u>\$ 7,003,803</u>		

<sup>(1)</sup> Calculated based upon outstanding debt principal at balance sheet date. For variable rate debt, weighted average interest rate is calculated based upon the applicable index plus spread at balance sheet date.

<sup>(2)</sup> Calculated based upon initial maturity dates, or extended maturity dates if extension criteria are met and extension is available at the Company's option.

<sup>(3)</sup> Includes the 5.375% exchangeable senior notes which is an obligation of NRF Holdco as the issuer, as described further below.

<sup>(4)</sup> 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.

<sup>(5)</sup> Investment-level secured debt that is non-recourse to the Company in the Other segment of \$21.3 million at March 31, 2021 and December 31, 2020 is in default and has been accelerated by the lender.

<sup>(6)</sup> The fixed rate recourse debt was secured by the Company's aircraft and was repaid in January 2021 upon sale of the aircraft.

### 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 credit facility provides revolving commitments of \$400 million as of March 31, 2021 (\$450 million at December 31, 2020) and is scheduled to mature in July 2021, with one remaining 6-month extension option, subject to a fee of 0.10% of the commitment amount upon exercise. Advances under the credit facility accrue interest at a per annum

rate equal to, at the Company's election, either LIBOR plus a margin of 2.75%, or a base rate determined according to a prime rate or federal funds rate plus a margin of 1.75%. 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 \$400 million is available to be drawn under the facility.

The Credit Agreement contains various affirmative and negative covenants, including financial covenants that require the Company to maintain minimum tangible net worth, and debt service ratios as well as a maximum leverage ratio, as defined in the Credit Agreement. As of March 31, 2021 and through the date of this filing, the Company was in compliance with all of the financial covenants. The Credit Agreement also provides the Company with the flexibility to determine not to maintain REIT status without requiring lender approval.

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 March 31, 2021 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) <sup>(1)</sup>	Conversion or Exchange Shares (in thousands)	Earliest Redemption Date	Outstanding Principal	
								March 31, 2021	December 31, 2020
<b>Issued by Colony Capital, Inc.</b>									
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
<b>Issued by Colony Capital Operating Company, LLC</b>									
5.75% Exchangeable Senior Notes	July 2020	July 15, 2025	5.750 %	2.30	434.7826	130,435	July 21, 2023	300,000	300,000
<b>Issued by NRF Holdco, LLC</b>									
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
								<u>\$ 513,605</u>	<u>\$ 545,107</u>

<sup>(1)</sup> 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.

#### *Repurchase and Repayment of Senior Notes*

The 3.875% convertible senior notes were fully extinguished following a \$31.5 million repayment upon maturity in January 2021 and a \$371.0 million repurchase in the third quarter of 2020, primarily funded by net proceeds from the July 2020 issuance of the 5.75% exchangeable senior notes by the Operating Company.

#### **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 March 2021 and October 2020, DataBank and Vantage SDC, the Company's subsidiaries in the Digital Operating segment, raised \$657.9 million and \$1.3 billion of securitized notes at blended fixed rates of 2.3% and 1.8%, with 5 years and 6 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 DataBank and Vantage SDC.

#### **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"). Neither the Company nor the OP is an obligor or guarantor on the Junior Notes or the 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.

## **10. 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, 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.

(In thousands)	Fair Value Measurement Hierarchy			
	Level 1	Level 2	Level 3	Total
<b>March 31, 2021</b>				
<b>Assets</b>				
Marketable equity securities	\$ 129,103	\$ —	\$ —	\$ 129,103
AFS debt securities	—	—	34,719	34,719
Other assets—derivative assets	—	4,280	—	4,280
<i>Fair Value Option:</i>				
Loans held for investment	—	—	85,272	85,272
Loans held for disposition	—	—	977,759	977,759
Equity method investments	—	—	39,342	39,342
Equity method investments held for disposition	—	—	115,161	115,161
<b>Liabilities</b>				
Other liabilities—derivative liabilities	—	1,216	—	1,216
Other liabilities—settlement liability	—	—	36,939	36,939
<b>December 31, 2020</b>				
<b>Assets</b>				
Marketable equity securities	\$ 218,485	\$ —	\$ —	\$ 218,485
AFS debt securities	—	—	28,576	28,576
Other assets—derivative assets	—	99	—	99
<i>Fair Value Option:</i>				
Loans held for investment	—	—	84,030	84,030
Loans held for disposition	—	—	1,211,307	1,211,307
Equity method investments	—	—	31,012	31,012
Equity method investments held for disposition	—	—	150,787	150,787
<b>Liabilities</b>				
Other liabilities—derivative liabilities	—	103,772	—	103,772
Other liabilities—settlement liability	—	—	24,285	24,285

### Marketable Equity Securities

Marketable equity securities consist of publicly traded equity securities held by private open-end funds consolidated by the Company and prior to January 2021, equity investment in a third party mutual fund. These marketable equity securities are valued based upon listed prices in active markets and classified as Level 1 of the fair value hierarchy.

### Debt Securities

Fair value of N-Star CDO bonds are determined using an internal price interpolated based upon third party prices of the senior N-Star CDO bonds of the respective CDOs, and applying the Company's knowledge of the underlying collateral and recent trades, if any within the securitizations. All N-Star CDO bonds are classified as Level 3 of the fair value hierarchy.

### Derivatives

The Company's derivative instruments generally consist of: (i) foreign currency put options, forward contracts and costless collars to hedge the foreign currency exposure of certain investments in foreign subsidiaries or equity method joint ventures (in EUR and in GBP), with notional amounts and termination dates based upon the anticipated return of capital from these investments; and (ii) interest rate caps to limit the exposure to changes in interest rates on various floating rate debt obligations (indexed primarily to LIBOR and to a lesser extent, EURIBOR and GBP LIBOR). These derivative contracts may be designated as qualifying hedge accounting relationships, specifically as net investment hedges and cash flow hedges, respectively. At March 31, 2021 and December 31, 2020, notional amounts aggregated to the equivalent of \$427.1 million and \$350.5 million, respectively, for foreign exchange contracts, and the equivalent of \$2.8 billion and \$4.6 billion, respectively, for interest rate contracts, all of which were composed predominantly of non-designated economic hedges. The derivative instruments are subject to master netting arrangements with counterparties that allow the Company to offset the settlement of derivative assets and liabilities in the same currency by instrument type or, in the event of default by the counterparty, to offset all derivative assets and liabilities with the same counterparty.



Notwithstanding the conditions for right of offset may have been met, the Company presents derivative assets and liabilities with the same counterparty on a gross basis on the consolidated balance sheets.

Realized and unrealized gains and losses on derivative instruments are recorded in other gain (loss) on the consolidated statement of operations, other than interest expense, as follows:

(In thousands)	Three Months Ended March 31,	
	2021	2020
<b>Foreign currency contracts:</b>		
Unrealized gain transferred from AOCI to earnings <sup>(1)</sup>	\$ —	\$ 1,502
Unrealized loss in earnings on non-designated contracts	(245)	—
<b>Interest rate contracts:</b>		
Interest expense on designated contracts <sup>(2)</sup>	20	2
Unrealized gain (loss) in earnings on non-designated contracts	(16)	179
Realized loss transferred from AOCI to earnings	(1,292)	—

<sup>(1)</sup> The portion of derivative notional that is in excess of the beginning balance of the foreign denominated net investment is dedesignated upon a reassessment of the effectiveness of net investment hedges at period end.

<sup>(2)</sup> Represents amortization of the cost of designated interest rate caps to interest expense based upon expected hedged interest payments on variable rate debt.

Prior to January 2021, the Company had entered into a series of forward contracts on its shares in a third party real estate mutual fund in an aggregate notional amount of \$119 million and 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 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 upon settlement. The forwards and swaps were not designated accounting hedges. At December 31, 2020, the forwards and swaps were in a liability position of \$102.7 million and \$0.1 million, respectively. During the three months ended March 31, 2020, the forwards and swaps had realized and unrealized fair value gains totaling \$34.5 million, which was partially offset by a decrease in the NAV of the mutual fund of \$33.1 million, both of which were recorded in other loss on the consolidated statement of operations.

The Company's foreign currency and interest rate contracts 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 the derivatives. As a result, derivative valuations in their entirety are classified as Level 2 of the fair value hierarchy.

### **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 12). 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 sheet. 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 March 31, 2021, the settlement liability was valued at \$36.9 million, applying the following assumptions: (a) expected volatility of the Company's class A common stock of 71.9% 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 0.16% per annum based upon a compounded zero-coupon U.S. Treasury yield. The settlement liability increased approximately \$12.7 million in the three months ended March 31, 2021, recorded as other loss on the consolidated statement of operations.

### **Fair Value Option**

#### **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 indicative sales price, NAV of the underlying funds, or discounted future cash flows based upon expected income and realization events of the underlying assets. Fair value of equity method investments are classified as Level 3 of the fair value hierarchy. Changes in fair value of equity method investments under the fair value option are recorded in equity method earnings (losses).

#### **Loans Receivable**

Loans receivable consist of mortgage loans, mezzanine loans and non-mortgage loans carried at fair value under the fair value option. Loans held for disposition are measured at their selling price. Fair value of loans held for investment is 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 upon discounted cash flow projections of principal and interest expected to be collected, which include, but are 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.

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, as presented in the table below. Such loans include distressed loan portfolios that are held for disposition, previously acquired by the Company at a discount (classified as purchased credit-impaired loans prior to the election of fair value option).

(In thousands)	March 31, 2021			December 31, 2020		
	Fair Value	Unpaid Principal Balance	Fair Value less Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value less Unpaid Principal Balance
90 days or more past due or nonaccrual						
Loans held for investment <sup>(1)</sup>	\$ 48,449	\$ 43,374	\$ 5,075	\$ 47,233	\$ 43,007	\$ 4,226
Loans held for disposition	687,944	2,042,026	(1,354,082)	825,972	2,116,531	(1,290,559)

<sup>(1)</sup> Fair value includes accrued interest that is currently expected to be collected.

### Level 3 Recurring Fair Values

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 (Range) <sup>(1)</sup>	Effect on Fair Value from Increase in Input Value <sup>(2)</sup>
<b>March 31, 2021</b>					
AFS debt securities	\$ 34,719	Discounted cash flows	Discount rate	29.3% (18.3% - 57.8%)	Decrease
<i>Fair Value Option:</i>					
Loans held for investment	85,272	Discounted cash flows	Discount rate	8.3% (7.2% - 8.8%)	Decrease
Loans held for disposition	977,759	Transaction price <sup>(4)</sup>	N/A	N/A	N/A
Equity method investments—third party private equity funds	2,542	NAV <sup>(3)</sup>	N/A	N/A	N/A
Equity method investments—other	36,800	Discounted cash flows	Discount rate	25.0%	Decrease
Equity method investments held for disposition	115,161	Transaction price <sup>(4)</sup>	N/A	N/A	N/A
<b>December 31, 2020</b>					
AFS debt securities	\$ 28,576	Discounted cash flows	Discount rate	28.9% (18.3% - 57.8%)	Decrease
<i>Fair Value Option:</i>					
Loans held for investment	84,030	Discounted cash flows	Discount rate	7.9% (6.9% - 8.9%)	Decrease
Loans held for disposition	1,211,307	Discounted cash flows	Discount rate	13.7% (9.0% - 25.7%)	Decrease
Equity method investments—third party private equity funds	2,472	NAV <sup>(3)</sup>	N/A	N/A	N/A
Equity method investments—other	28,540	Discounted cash flows	Discount rate	30.0%	Decrease
Equity method investments held for disposition	8,383	Discounted cash flows	Discount rate	19.3% (19.0% - 20.0%)	Decrease
Equity method investments held for disposition	142,404	Transaction price <sup>(4)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Weighted average discount rates are calculated based upon undiscounted cash flows.

<sup>(2)</sup> 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.

<sup>(3)</sup> Fair value was estimated based upon 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.

<sup>(4)</sup> Based upon actual or indicative transaction values of the respective loans, investments or underlying assets of the investee. At December 31, 2020, acquisition price was deemed to approximate 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. Loans receivable and equity method investments under the fair value option are predominantly held for disposition. Realized and unrealized gains (losses) are included in AOCI for AFS debt securities and in other gain (loss) on the consolidated statement of operations for other assets carried at fair value.

(In thousands)	Fair Value Option		
	AFS Debt Securities	Loans Held for Investment and Held for Disposition	Equity Method Investments (including Held for Disposition)
<b>Fair value at December 31, 2019</b>	\$ 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	594	74,236	762
Paydowns, distributions and sales	(1,651)	(49,133)	(781)
Change in accrued interest and capitalization of paid-in-kind interest	—	11,849	—
Allowance for credit losses	(816)	—	—
Realized and unrealized gains (losses) in earnings, net	—	3,105	(179)
Other comprehensive income (loss) <sup>(1)</sup>	1,488	(21,265)	(4,337)
<b>Fair value at March 31, 2020</b>	\$ 54,474	\$ 1,588,427	\$ 218,340
Net unrealized gains (losses) on instruments held at March 31, 2020			
In earnings	\$ (816)	\$ 3,105	\$ (179)
In other comprehensive income (loss)	\$ 1,488	\$ —	\$ —
<b>Fair value at December 31, 2020</b>	\$ 28,576	\$ 1,295,337	\$ 181,799
Purchases, drawdowns, contributions and accretion	10,337	3,631	—
Paydowns, distributions and sales	(691)	(8,798)	(6,953)
Change in accrued interest and capitalization of paid-in-kind interest	—	4,745	—
Allowance for credit losses	(194)	—	—
Realized and unrealized gains (losses) in earnings, net	—	(199,082)	(15,635)
Other comprehensive income (loss) <sup>(1)</sup>	(3,309)	(32,802)	(4,708)
<b>Fair value at March 31, 2021</b>	\$ 34,719	\$ 1,063,031	\$ 154,503
Net unrealized gains (losses) on instruments held at March 31, 2021			
In earnings	\$ (194)	\$ (199,082)	\$ (16,560)
In other comprehensive income (loss)	\$ (3,309)	N/A	N/A

<sup>(1)</sup> 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.

### Investments Carried at Fair Value Using Net Asset Value

Investments in Company-sponsored private fund and non-traded REIT, and limited partnership interest in a third party real estate private fund that is held for disposition are valued using NAV of the respective vehicles.

(In thousands)	March 31, 2021		December 31, 2020	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private fund—real estate	\$ 13,416	\$ 8,026	\$ 15,680	\$ 8,026
Non-traded REIT—real estate	20,772	—	18,272	—
Private fund—emerging market private equity	1,909	—	2,224	—

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, are expected to consider alternatives for providing liquidity to the non-traded REIT shares beginning 2021, five years from completion of the offering stage, 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, Notes 5 and 14 for equity method investments, and Notes 6 and 14 for investment management intangible assets, including goodwill.

### Fair Value Information on Financial Instruments Reported at Cost

Carrying amounts and estimated fair value of financial instruments reported at amortized cost are presented below.

(In thousands)	Fair Value Measurements				Carrying Value
	Level 1	Level 2	Level 3	Total	
<b>March 31, 2021</b>					
<b>Liabilities</b>					
Debt at amortized cost					
Convertible and exchangeable senior notes	\$ 1,076,175	\$ 13,095	\$ —	\$ 1,089,270	\$ 504,981
Secured debt	—	—	6,043,875	6,043,875	6,167,692
Secured debt related to assets held for disposition	—	—	1,691,130	1,691,130	1,702,425
Junior subordinated debt	—	—	227,697	227,697	204,618
<b>December 31, 2020</b>					
<b>Liabilities</b>					
Debt at amortized cost					
Convertible and exchangeable senior notes	\$ 898,231	\$ 13,095	\$ —	\$ 911,326	\$ 535,897
Secured debt	—	—	6,003,375	6,003,375	6,132,605
Secured debt related to assets held for disposition	—	—	4,258,019	4,258,019	4,411,467
Junior subordinated debt	—	—	201,018	201,018	203,848

*Debt*—Senior notes were valued using the last trade price in active markets and unadjusted quoted prices in non-active markets. Fair value of the corporate credit facility and secured debt was estimated by discounting expected future cash outlays at interest rates available to the Company for similar instruments. Junior subordinated debt was valued based upon 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*—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.

### 11. 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 \$47.1 million at March 31, 2021 and \$46.5 million at December 31, 2020. The Company, as general partner, is not obligated to provide any financial support to the consolidated private funds. At March 31, 2021 and December 31, 2020, the consolidated private funds had total assets of \$192.2 million and \$172.2 million, respectively, and total liabilities of \$49.0 million and \$41.8 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 \$221.9 million at March 31, 2021 and \$214.4 million at December 31, 2020, included within equity and debt investments.

### **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 \$31.3 million at March 31, 2021 and \$21.9 million at December 31, 2020.

## 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 9). 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 March 31, 2021 and December 31, 2020, recorded in investments in unconsolidated ventures on the consolidated balance sheet. The junior subordinated notes are recorded as debt on the consolidated balance sheet.

## 12. Stockholders' Equity

The table below summarizes the share activities of the Company's preferred and common stock.

(In thousands)	Number of Shares		
	Preferred Stock	Class A Common Stock	Class B Common Stock
<b>Shares outstanding at December 31, 2019</b>	41,350	487,044	734
Repurchase of common stock, net <sup>(1)</sup>	—	(12,733)	—
Equity-based compensation, net of forfeitures	—	7,646	—
Shares canceled for tax withholding on vested stock awards	—	(1,839)	—
<b>Shares outstanding at March 31, 2020</b>	41,350	480,118	734
<b>Shares outstanding at December 31, 2020</b>	41,350	483,406	734
Shares issued upon redemption of OP Units	—	5	—
Equity-based compensation, net of forfeitures	—	4,839	—
Shares canceled for tax withholding on vested stock awards	—	(1,147)	—
<b>Shares outstanding at March 31, 2021</b>	41,350	487,103	734

<sup>(1)</sup> 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 10.

### 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 March 31, 2021:

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*

In January 2020, the Company settled the December 2019 redemption of its outstanding Series B and Series E preferred stock for \$402.9 million. 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 former Executive Chairman. Each share of class B common stock shall convert automatically into one share of class A common stock if the former 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, the Company repurchased 12,733,204 shares of its class A common stock at an aggregate cost of \$24.6 million, or a weighted average price of \$1.93 per share, pursuant to a \$300 million share repurchase program that expired in May 2020. Effective June 29, 2020, the Company is restricted from repurchasing additional common shares, subject to certain exceptions, under the terms of its Credit Agreement (Note 9).

#### *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 2021 and 2020.

#### **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
<b>AOCI at December 31, 2019</b>	\$ 9,281	\$ 7,823	\$ (226)	\$ 139	\$ 30,651	\$ 47,668
Other comprehensive income (loss) before reclassifications	(23,850)	1,330	7	(24,929)	16,384	(31,058)
Amounts reclassified from AOCI	—	—	—	246	(634)	(388)
<b>AOCI at March 31, 2020</b>	<u>\$ (14,569)</u>	<u>\$ 9,153</u>	<u>\$ (219)</u>	<u>\$ (24,544)</u>	<u>\$ 46,401</u>	<u>\$ 16,222</u>
<b>AOCI at December 31, 2020</b>	\$ 17,718	\$ 6,072	\$ (233)	\$ 52,832	\$ 45,734	\$ 122,123
Other comprehensive income (loss) before reclassifications	(2,438)	(2,992)	—	(19,631)	3,761	(21,300)
Amounts reclassified from AOCI	—	—	233	—	—	233
<b>AOCI at March 31, 2021</b>	<u>\$ 15,280</u>	<u>\$ 3,080</u>	<u>\$ —</u>	<u>\$ 33,201</u>	<u>\$ 49,495</u>	<u>\$ 101,056</u>

### 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
<b>AOCI at December 31, 2019</b>	\$ (1,005)	\$ (17,913)	\$ 10,659	\$ (8,259)
Other comprehensive income (loss) before reclassifications	33	(32,958)	4,865	(28,060)
Amounts reclassified from AOCI	—	—	(799)	(799)
<b>AOCI at March 31, 2020</b>	<u>\$ (972)</u>	<u>\$ (50,871)</u>	<u>\$ 14,725</u>	<u>\$ (37,118)</u>
<b>AOCI at December 31, 2020</b>	\$ (1,030)	\$ 83,845	\$ 15,099	\$ 97,914
Other comprehensive income (loss) before reclassifications	—	(37,686)	—	(37,686)
Amounts reclassified from AOCI	1,030	—	—	1,030
<b>AOCI at March 31, 2021</b>	<u>\$ —</u>	<u>\$ 46,159</u>	<u>\$ 15,099</u>	<u>\$ 61,258</u>

### Reclassifications out of AOCI—Stockholders

Information about amounts reclassified out of AOCI attributable to stockholders by component is presented below. On the consolidated statement of operations, such amounts are included in other gain (loss) for continuing and discontinued operations, as applicable, except for amounts related to equity method investments, where applicable, are included in equity method losses in discontinued operations.

(In thousands)	Three Months Ended March 31,	
Component of AOCI reclassified into earnings	2021	2020
Release of foreign currency cumulative translation adjustments	\$ —	\$ (246)
Unrealized gain on dedesignated net investment hedges	—	634
Realized loss on cash flow hedges	(233)	—

## 13. Noncontrolling Interests

### Redeemable Noncontrolling Interests

The following table presents the activity in redeemable noncontrolling interests in the Company's digital investment management business, as discussed below, and in open-end funds sponsored and consolidated by the Company.

(In thousands)	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 305,278	\$ 6,107
Contributions	10,640	250
Distributions and redemptions	(2,445)	(2,647)
Net income (loss)	2,449	(548)
Ending balance	<u>\$ 315,922</u>	<u>\$ 3,162</u>



### *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.

Pursuant to this strategic partnership, Wafra has assumed directly and also indirectly through a participation interest \$77.0 million of the Company's commitments to DCP I, and has committed \$40.0 million to DCP II. 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. No warrants have been exercised to-date.

Wafra paid cash consideration of \$253.6 million at closing in exchange for its investment in the Digital IM Business and for the warrants. As previously agreed, Wafra paid additional consideration of \$29.9 million in the Digital IM Business in April 2021 based upon the Digital IM Business having achieved a minimum run-rate of earnings before interest, tax, depreciation and amortization ("EBITDA") of \$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 Marc Ganzi, the Company's Chief Executive Officer, and Ben Jenkins, Chief Investment Officer of the Company's digital real estate and infrastructure platform, 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 further grow the Digital IM Business.

### ***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.

*Redemption of OP Units*—The Company redeemed 5,147 OP Units during the three months ended March 31, 2021 and 2,184,395 OP Units during the year ended December 31, 2020, with the issuance of an equal number of shares of class A common stock on a one-for-one basis.

## 14. Discontinued Operations

Discontinued operations represent the following:

- *Other*—operations of substantially all of the OED investments and Other IM business in the Other segment, composed of non-digital real estate, real estate-related equity and debt investments, fee income from CLNC and the Company's private real estate credit funds and co-investment vehicles, and underlying compensation and administrative costs for managing these non-digital investments and investment vehicles.
- *Hotel*—operations of the Company's Hospitality segment and the THL Hotel Portfolio in the Other segment. In March 2021, the Company sold five of the six portfolios in the Hospitality segment and the Company's 55.6% interest in the THL Hotel Portfolio which was deconsolidated upon sale. One hotel portfolio remains in receivership.
- *Industrial*—operations of the bulk industrial portfolio prior to its sale in December 2020.

Income (loss) from discontinued operations is presented below.

(In thousands)	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020			
	Other	Hotel	Total	Other	Hotel	Industrial	Total
<b>Revenues</b>							
Property operating income	\$ 21,169	\$ 122,106	\$ 143,275	\$ 28,352	\$ 213,111	\$ 5,379	\$ 246,842
Interest income	4,132	—	4,132	30,262	—	17	30,279
Fee income	15,962	—	15,962	18,377	—	—	18,377
Other income	8,260	22	8,282	136	62	—	198
<b>Revenues from discontinued operations</b>	<b>49,523</b>	<b>122,128</b>	<b>171,651</b>	<b>77,127</b>	<b>213,173</b>	<b>5,396</b>	<b>295,696</b>
<b>Expenses</b>							
Property operating expense	13,253	112,829	126,082	12,612	167,543	1,473	181,628
Interest expense	15,700	62,318	78,018	10,002	49,971	2,406	62,379
Transaction-related, investment and servicing costs	5,894	1,794	7,688	4,711	1,560	—	6,271
Depreciation and amortization	11,670	7,668	19,338	13,062	47,561	633	61,256
Impairment loss	108,528	—	108,528	86,373	252,363	—	338,736
Compensation, including carried interest, and administrative expense <sup>(1)</sup>	20,557	2,410	22,967	2,282	2,033	414	4,729
<b>Expenses from discontinued operations</b>	<b>175,602</b>	<b>187,019</b>	<b>362,621</b>	<b>129,042</b>	<b>521,031</b>	<b>4,926</b>	<b>654,999</b>
<b>Other income (loss)</b>							
Gain on sale of real estate	391	45,359	45,750	7,932	—	—	7,932
Other gain (loss), net	(200,683)	3	(200,680)	3,375	2,857	4	6,236
Equity method earnings (losses), including carried interest	(92,611)	—	(92,611)	109,170	—	—	109,170
<b>Income (loss) from discontinued operations before income taxes</b>	<b>(418,982)</b>	<b>(19,529)</b>	<b>(438,511)</b>	<b>68,562</b>	<b>(305,001)</b>	<b>474</b>	<b>(235,965)</b>
Income tax benefit (expense)	2,613	(1,524)	1,089	(16,482)	2,589	—	(13,893)
<b>Income (loss) from discontinued operations</b>	<b>(416,369)</b>	<b>(21,053)</b>	<b>(437,422)</b>	<b>52,080</b>	<b>(302,412)</b>	<b>474</b>	<b>(249,858)</b>
Income (loss) from discontinued operations attributable to:							
Noncontrolling interests in investment entities	(302,387)	3,370	(299,017)	35,116	(31,655)	170	3,631
Noncontrolling interests in Operating Company	(10,863)	(2,328)	(13,191)	1,674	(26,726)	30	(25,022)
<b>Income (loss) from discontinued operations attributable to Colony Capital, Inc.</b>	<b>\$ (103,119)</b>	<b>\$ (22,095)</b>	<b>\$ (125,214)</b>	<b>\$ 15,290</b>	<b>\$ (244,031)</b>	<b>\$ 274</b>	<b>\$ (228,467)</b>

<sup>(1)</sup> Includes equity-based compensation of \$7.3 million and a reversal of \$0.4 million for the three months ended March 31, 2021 and 2020, respectively, of which \$4.6 million and a reversal of \$3.4 million, respectively, relates to CLNC awards that is grossed up in other income and compensation expense. Reversal was due to a decline in CLNC stock price (Note 17).

## 15. Earnings per Share

The following table provides the basic and diluted earnings per common share computations:

(In thousands, except per share data)	Three Months Ended March 31,	
	2021	2020
<b>Net loss allocated to common stockholders</b>		
Loss from continuing operations	\$ (190,177)	\$ (154,199)
Loss from continuing operations attributable to noncontrolling interests	69,101	40,507
Loss from continuing operations attributable to Colony Capital, Inc.	(121,076)	(113,692)
Loss from discontinued operations attributable to Colony Capital, Inc.	(125,214)	(228,467)
Net loss attributable to Colony Capital, Inc.	(246,290)	(342,159)
Preferred dividends	(18,516)	(19,474)
Net loss attributable to common stockholders	(264,806)	(361,633)
Net income allocated to participating securities	—	(1,250)
Net loss allocated to common stockholders—basic	(264,806)	(362,883)
Interest expense attributable to convertible and exchangeable notes <sup>(1)</sup>	—	—
Net loss allocated to common stockholders—diluted	\$ (264,806)	\$ (362,883)
<b>Weighted average common shares outstanding</b>		
Weighted average number of common shares outstanding—basic	474,899	479,106
Weighted average effect of dilutive shares <sup>(1)(2)(3)</sup>	—	—
Weighted average number of common shares outstanding—diluted	474,899	479,106
<b>Loss per share—basic</b>		
Loss from continuing operations	\$ (0.30)	\$ (0.28)
Loss from discontinued operations	(0.26)	(0.48)
Net loss attributable to common stockholders per common share—basic	\$ (0.56)	\$ (0.76)
<b>Loss per share—diluted</b>		
Loss from continuing operations	\$ (0.30)	\$ (0.28)
Loss from discontinued operations	(0.26)	(0.48)
Net loss attributable to common stockholders per common share—diluted	\$ (0.56)	\$ (0.76)

<sup>(1)</sup> For the three months ended March 31, 2021 and 2020, excluded from the calculation of diluted earnings per share is the effect of adding back \$7.7 million and \$7.1 million of interest expense, respectively, and 144,576,000 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.

<sup>(2)</sup> No unvested non-participating restricted shares were outstanding during the three months ended March 31, 2021 and 2020. The calculation of diluted earnings per share excludes the effect of class A common stock that are contingently issuable in relation to performance stock units (Note 17) with weighted average shares of 10,395,900 and 1,520,700 for the three months ended March 31, 2021 and 2020, respectively, as the effect would be antidilutive. Also excluded from the calculation of diluted earnings per share is the effect of class A common stock that are issuable to net settle the exercise of warrants (Note 13) with weighted average shares of 7,680,900 for the three months ended March 31, 2021 as the effect would be antidilutive.

<sup>(3)</sup> OP Units may be redeemed for registered or unregistered class A common stock on a one-for-one basis. At March 31, 2021 and 2020 there were 51,072,000 and 53,261,100 OP Units, respectively. OP Units would not be dilutive and were not included in the computation of diluted earnings per share for all periods presented.

## 16. Fee Income

The Company's real estate investment management platform manages capital on behalf of institutional and retail investors in private funds, non-traded REIT, and other investment vehicles for which the Company earns fee income.

Fee income, as presented below, excludes base management fees from CLNC (which was based upon 1.5% per annum of CLNC's stockholders' equity) and the Company's private real estate credit funds and co-investment vehicles, all of which are included in discontinued operations (Note 14).

The Company earns fee income from the following sources:

(In thousands)	Three Months Ended March 31,	
	2021	2020
Institutional funds and other investment vehicles	\$ 30,200	\$ 20,562
Non-traded REIT	2,769	4,431
Other	710	135
	<u>\$ 33,679</u>	<u>\$ 25,128</u>

The following table presents the Company's fee income by type:

(In thousands)	Three Months Ended March 31,	
	2021	2020
Management fees (\$32,096 and \$24,116 from affiliates, respectively)	\$ 32,096	\$ 24,116
Incentive fees	594	—
Other fee income—affiliates	989	1,012
Total fee income	<u>\$ 33,679</u>	<u>\$ 25,128</u>

**Management Fees**—The Company earns management fees for the day-to-day operations and administration of its managed private funds, non-traded REIT, and other investment vehicles, calculated as follows:

- Private Funds and similar investment vehicles—generally 0.45% to 1.50% per annum of investors' committed capital during commitment or investment period and thereafter, of contributed or invested capital; and
- Non-Traded REIT—1.5% per annum of most recently published NAV (as may be subsequently adjusted for any special distribution) for NorthStar Healthcare. \$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).

**Incentive Fees**—Pursuant to the terms of a sub-advisory agreement, the Company manages a sub-account of a third party private fund and earns an incentive fee, but not management fees, based upon the returns of the sub-account, measured on a monthly basis, and subject to the recovery of any initial losses in the account that are allocated to the Company.

**Other Fee Income**—Other fees include primarily service fees for information technology, facilities and operational support provided to portfolio companies.

## 17. 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 March 31, 2021, an aggregate 73.8 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 in the Company's class A common stock are granted to senior executives, directors and certain employees, generally subject to a service condition only, with 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 service period.

**Restricted Stock Units ("RSUs")**—RSUs in 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 are 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 a market condition. Following the end of the measurement period, 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 and determined based upon the performance of the Company's class A common stock relative to that of a specified peer group 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 their PSU grant are eligible to vest in a portion of the PSU award following the end of the measurement period based upon achievement of the total shareholder return metric 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:

	2021 PSU Grants	2020 PSU Grants	2019 PSU Grants
Expected volatility of the Company's class A common stock <sup>(1)</sup>	35.4%	34.1%	26.2%
Expected annual dividend yield <sup>(2)</sup>	0.0%	9.3%	8.5% - 8.7%
Risk-free rate (per annum) <sup>(3)</sup>	0.3%	0.4%	2.2% - 2.4%

<sup>(1)</sup> Based upon the historical volatility of the Company's stock and those of a specified peer group.

<sup>(2)</sup> Based upon the Company's expected annualized dividends. Expected dividend yield is zero for the 2021 PSU award as the Company suspended common dividends beginning with the second quarter of 2020.

<sup>(3)</sup> 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.

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 12).

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, and 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 <sup>(1)</sup>
Expected volatility of the Company's class A common stock <sup>(2)</sup>	43.1%	28.3%
Expected dividend yield <sup>(3)</sup>	0.0%	8.1%
Risk-free rate (per annum) <sup>(4)</sup>	0.2%	1.8%

<sup>(1)</sup> Represents 10 million LTIP units granted to Marc Ganzi in connection with the Company's acquisition of Digital Bridge Holdings, LLC in July 2019, with vesting based upon achievement of the Company's class A common stock price closing at or above \$10 over any 90 consecutive trading days prior to the fifth anniversary of the grant date.

<sup>(2)</sup> Based upon historical volatility of the Company's stock and those of a specified peer group.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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, 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 businesses presented as discontinued operations (Note 14), is as follows:

(In thousands)	Three Months Ended March 31,	
	2021	2020
Compensation expense (including \$1,064 and \$283 amortization of fair value of dividend equivalent rights, respectively)	\$ 16,606	\$ 5,185

Changes in the Company's unvested equity awards are summarized below:

	Restricted Stock	LTIP Units <sup>(1)</sup>	DSUs	RSUs <sup>(2)</sup>	PSUs <sup>(3)</sup>	Total	Weighted Average Grant Date Fair Value	
							PSUs	All Other Awards
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
Granted	3,604,777	—	9,465	—	2,611,989	6,226,231	7.46	6.72
Vested	(2,996,951)	(461,254)	(9,465)	—	(1,175,333)	(4,643,003)	5.09	3.33
Forfeited	(67,047)	—	—	—	(832,981)	(900,028)	4.89	2.86
Unvested shares and units at March 31, 2021	<u>11,269,491</u>	<u>11,383,764</u>	<u>324,877</u>	<u>9,589,564</u>	<u>10,539,566</u>	<u>43,107,262</u>	3.52	2.48

<sup>(1)</sup> Represents the number of LTIP units granted subject to vesting upon achievement of market condition. LTIP units that do not meet the market condition within the measurement period will be forfeited.

<sup>(2)</sup> Represents the number of RSUs granted subject to vesting upon achievement of performance condition. RSUs that do not meet the performance condition at the end of the measurement period will be forfeited.

<sup>(3)</sup> Number of PSUs granted 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. PSUs for which the total shareholder return was not met at the end of the performance period are forfeited.

Fair value of equity awards that vested, determined based upon their respective fair values at vesting date, was \$27.5 million and \$10.1 million for the three months ended March 31, 2021 and 2020, respectively.

At March 31, 2021, aggregate unrecognized compensation cost for all unvested equity awards was \$92.0 million, which is expected to be recognized over a weighted average period of 2.6 years.

### **Awards Granted by Managed Companies**

Prior to the termination of the Company's management agreement with CLNC on April 30, 2021, CLNC granted restricted stock to the Company and certain of the Company's employees ("managed company awards") that typically vest over a three-year period, subject to a service condition. Generally, the Company granted the managed company awards that it received in its capacity as manager to its employees with substantially the same terms and service requirements. Such grants were made at the discretion of the Company, and the Company may consult with the board of directors or compensation committee of CLNC 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 related to CLNC awards granted by the Company to its employees was accelerated in 2021 as the awards fully vest upon termination of the CLNC management contract in April 2021. For the three months ended March 31, 2021, equity-based compensation of \$4.6 million was recognized, with a corresponding amount recorded in other income. For the three months ended March 31, 2020, an expense reversal of \$3.4 million was recognized based upon a remeasurement of the awards at CLNC's stock price on March 31, 2020. Amounts recorded in both years are reflected within discontinued operations (Note 14).

## 18. 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, excluding amounts related to discontinued operations that are presented as assets held for sale (Note 7):

(In thousands)	March 31, 2021	December 31, 2020
<b>Due from Affiliates</b>		
Investment vehicles, portfolio companies and unconsolidated ventures		
Fee income	\$ 21,944	\$ 20,605
Cost reimbursements and recoverable expenses	5,091	12,954
Loan and interest receivable	35,088	35,089
Employees and other affiliates	134	541
	<u>\$ 62,257</u>	<u>\$ 69,189</u>
<b>Due to Affiliates</b>		
Employees and other affiliates	<u>\$ 408</u>	<u>\$ 601</u>

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 16, except for fee income and fee receivable from CLNC and the Company's private real estate credit funds and co-investment vehicles that are included within discontinued operations (Note 14) and assets held for sale (Note 7).

*Cost Reimbursements*—The Company received cost reimbursement income related largely 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 NorthStar Healthcare, with reimbursements limited to the greater of 2% of average invested assets or 25% of net income (net of management fees);
- Costs incurred in performing investment due diligence for NorthStar Healthcare and private funds managed by the Company; and
- Services provided to the Company's unconsolidated investment ventures for servicing and managing their loan portfolios, including foreclosed properties.

Such cost reimbursements, included in other income, totaled \$1.5 million and \$4.2 million for the three months ended March 31, 2021 and 2020, respectively.

Reimbursements of direct and indirect operating costs for managing the operations of CLNC is reflected in other income within discontinued operations (Note 14) and related receivable is reflected as amount due from affiliates within assets held for sale (Note 7).



*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 March 31, 2021.

*Digital Real Estate Acquisitions*—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 the Vantage SDC acquisition as a result of their respective personal investments in Vantage made prior to the Company's acquisition of DBH. Payments to be made by the Company and its co-investors to the previous owners of Vantage SDC for future build-out of expansion capacity within the portfolio, including lease up of the expanded capacity and existing inventory, will trigger additional carried interest payments to Messrs. Ganzi and Jenkins. 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 \$3.0 million for the three months ended March 31, 2021.

DataBank acquired all of zColo's colocation business in December 2020 and February 2021 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 periods presented were immaterial and relate primarily to the Company's share of the funds' operating costs and deferred financing costs on borrowings of the funds.

*Equity Awards of CLNC*—As discussed in Note 17, prior to termination of the Company's management agreement with CLNC on April 30, 2021, CLNC granted 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 March 31, 2021 and December 31, 2020, such investments in consolidated investment vehicles and general partner entities totaled \$27.3 million and \$19.1 million, respectively, reflected in redeemable noncontrolling interests and noncontrolling interests on the balance sheet. Their share was a net income of \$0.3 million and a net loss of \$0.5 million for the three months ended March 31, 2021 and 2020, respectively.

*Aircraft*—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 \$1.1 million and \$0.3 million for the three months ended March 31, 2021 and 2020, respectively.

Separately, based upon an agreement between Colony Capital Advisors, LLC, a subsidiary of the Company, and Thomas J. Barrack, Jr., the Company's former Executive Chairman, Mr. Barrack was previously provided use of the Company's aircraft for personal travel. Under this arrangement, Mr. Barrack paid 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 \$0.4 million for the three months ended March 31, 2020. The Company's aircraft was sold in January 2021.

## 19. Commitments and Contingencies

### *Litigation*

The Company may be involved in litigation in the ordinary course of business. As of March 31, 2021, 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.

## 20. Segment Reporting

The Company currently 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 Digital Colony Partners ("DCP") and separately capitalized vehicles, while other strategies, including digital credit and public equities, 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 has the potential to earn carried interest based upon 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 digital asset space and/or capacity through leases, services and other agreements. The Company currently owns interests in two companies: DataBank, including zColo, an edge colocation data center business; and Vantage SDC, a stabilized hyperscale data center business. 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*—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. This segment also holds other wellness infrastructure-related assets, principally equity interests in and the management contract of NorthStar Healthcare.
- *Other*—This segment primarily composed of the Company's interest in CLNC. The Company expects to monetize the remaining assets in its Other segment as it completes its digital evolution.

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, 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 connection with accelerating the monetization of a substantial majority of the assets in the Company's Other segment in the first quarter of 2021, the Company reorganized its Wellness Infrastructure segment to retrospectively include other healthcare related assets and obligations. These assets and obligations encompass: (i) the Company's equity interests in and the management contract of NorthStar Healthcare, equity investment in a healthcare asset manager, and N-Star CDOs collateralized largely by certain debt and preferred equity within the capital structure of Wellness Infrastructure, all of which previously resided in the Other segment; as well as (ii) the 5.375% exchangeable senior notes, trust preferred securities and corresponding junior subordinated debt that were not previously allocated to reportable segments, all of which were issued by NRF Holdco, which holds the Wellness Infrastructure portfolio as its primary asset and acts as guarantor.

### Segment Results of Operations

The following table presents results of operations of the Company's reportable segments. Refer to Note 14 for further details on discontinued operations.

(In thousands)	Digital Operating	Digital Investment Management	Digital Other	Wellness Infrastructure	Other	Amounts Not Allocated to Segments	Total
<b>Three Months Ended March 31, 2021</b>							
Total revenues	\$ 189,202	\$ 29,498	\$ 1,140	\$ 93,543	\$ 1,580	\$ 741	\$ 315,704
Income (loss) from continuing operations	(62,844)	6,041	7,869	(41,210)	(32,218)	(67,815)	(190,177)
Income (loss) from continuing operations attributable to Colony Capital, Inc.	(8,793)	5,412	3,949	(32,906)	(29,145)	(59,593)	(121,076)
Loss from discontinued operations attributable to Colony Capital, Inc.							(125,214)
Net loss attributable to Colony Capital, Inc.							\$ (246,290)
<b>Three Months Ended March 31, 2020</b>							
Total revenues	\$ 45,167	\$ 19,179	\$ 160	\$ 144,679	\$ 3,198	\$ 4,830	\$ 217,213
Income (loss) from continuing operations	(18,295)	2,110	(3,035)	(66,288)	(11,295)	(57,396)	(154,199)
Income (loss) from continuing operations attributable to Colony Capital, Inc.	(3,418)	1,902	(2,242)	(49,938)	(10,179)	(49,817)	(113,692)
Loss from discontinued operations attributable to Colony Capital, Inc.							(228,467)
Net loss attributable to Colony Capital, Inc.							\$ (342,159)

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
<b>Three Months Ended March 31, 2021</b>							
Property operating income	\$ 189,002	\$ —	\$ —	\$ 86,214	\$ —	\$ —	\$ 275,216
Interest income	104	1	690	1,815	7	59	2,676
Fee income	—	29,443	—	2,769	1,467	—	33,679
Property operating expense	79,862	—	—	52,400	2	—	132,264
Interest expense	31,132	—	—	32,705	—	8,648	72,485
Depreciation and amortization	122,221	6,267	—	31,418	10,457	604	170,967
Impairment loss	—	—	—	15,232	—	—	15,232
Equity method earnings (losses), including carried interest	—	(195)	2,776	—	(21,489)	—	(18,908)
Income tax benefit (expense)	12,268	(2,645)	1,090	2,421	208	12,483	25,825
<b>Three Months Ended March 31, 2020</b>							
Property operating income	\$ 45,149	\$ —	\$ —	\$ 138,249	\$ 555	\$ —	\$ 183,953
Interest income	—	30	7	792	54	1,724	2,607
Fee income	—	18,944	—	4,431	1,753	—	25,128
Property operating expense	16,906	—	—	66,567	4	—	83,477
Interest expense	9,402	—	—	43,952	405	9,682	63,441
Depreciation and amortization	30,030	6,603	—	37,460	633	1,510	76,236
Impairment loss	—	—	—	48,532	—	—	48,532
Equity method earnings (losses), including carried interest	—	3	465	—	(12,347)	—	(11,879)
Income tax benefit (expense)	5,730	(393)	—	129	(52)	155	5,569

Total assets and equity method investments of the reportable segments are summarized as follows:

(In thousands)	March 31, 2021		December 31, 2020	
	Total Assets	Equity Method Investments	Total Assets	Equity Method Investments
Digital Operating	\$ 6,973,585	\$ —	\$ 6,926,634	\$ —
Digital Investment Management	489,517	19,004	490,632	19,167
Digital Other	387,560	161,062	482,464	158,564
Wellness Infrastructure	4,006,161	13,868	4,025,743	14,941
Other	550,348	392,235	663,139	416,475
Amounts not allocated to segments	389,126	—	354,952	—
Assets held for disposition related to discontinued operations	3,828,953	745,538	7,256,996	845,094
	<u>\$ 16,625,250</u>	<u>\$ 1,331,707</u>	<u>\$ 20,200,560</u>	<u>\$ 1,454,241</u>

### 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.

(In thousands)	Three Months Ended March 31,	
	2021	2020
<b>Total income by geography:</b>		
United States	\$ 289,933	\$ 188,753
Europe	(5,946)	11,522
Other	11,324	877
Total <sup>(1)</sup>	<u>\$ 295,311</u>	<u>\$ 201,152</u>

(In thousands)	March 31, 2021	December 31, 2020
<b>Long-lived assets by geography:</b>		
United States	\$ 7,912,752	\$ 8,139,565
Europe	771,768	730,358
Other	631,039	624,680
Total <sup>(2)</sup>	<u>\$ 9,315,559</u>	<u>\$ 9,494,603</u>

<sup>(1)</sup> 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 \$0.8 million for the three months ended March 31, 2020); and excludes cost reimbursement income from affiliates (Note 18) and income from discontinued operations (Note 14). Income (loss) from discontinued operations for the three months ended March 31, 2021 and 2020 is composed of \$143.8 million and \$369.8 million from United States, respectively, and (\$2.3 million) and \$32.8 million from Europe, respectively. The negative income attributed to Europe for the three months ended March 31, 2021 for continuing operations reflects a reversal of straight-line rent receivable based upon current assessment of collectability, and for discontinued operations, due to losses from equity method investments.

<sup>(2)</sup> Long-lived assets comprise real estate held for investment, lease related intangible assets, 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 March 31, 2021 and December 31, 2020 included \$1.1 billion and \$3.8 billion located in the United States, respectively, and \$1.0 billion and \$1.2 billion located in Europe, respectively.

## 21. Supplemental Disclosure of Cash Flow Information

(In thousands)	Three Months Ended March 31,	
	2021	2020
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest, net of amounts capitalized of \$204 and \$214	\$ 126,892	\$ 112,278
Cash paid for income taxes, net of refunds	2,123	1,272
Cash paid for operating lease liabilities	16,781	7,096
<b>Supplemental Disclosure of Cash Flows from Discontinued Operations</b>		
Hotel:		
Net cash provided by (used in) operating activities of discontinued operations	\$ (34,154)	\$ (8,535)
Net cash provided by (used in) investing activities of discontinued operations	(20,243)	(43,020)
Net cash provided by (used in) financing activities of discontinued operations	(3,416)	(920)
Industrial:		
Net cash provided by (used in) operating activities of discontinued operations	—	(38,822)
Net cash provided by (used in) investing activities of discontinued operations	—	4,534
Net cash provided by (used in) financing activities of discontinued operations	—	(3,886)
Other:		
Net cash provided by (used in) operating activities of discontinued operations	(640)	22,954
Net cash provided by (used in) investing activities of discontinued operations	52,907	27,465
Net cash provided by (used in) financing activities of discontinued operations	(1,563)	(57,627)
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Dividends and distributions payable	\$ 18,516	\$ 77,228
Improvements in operating real estate in accrued and other liabilities	6,268	12,282
Proceeds from loan repayments and asset sales held in escrow	—	47,702
Operating lease right-of-use assets and lease liabilities established	7,170	2,408
Finance lease payments accrued in accounts payable	2,224	—
Redemption of OP Units for common stock	16	—
Assets of investment entities deconsolidated, net of cash and restricted cash contributed (Note 14)	2,814,793	—
Liabilities of investment entities deconsolidated (Note 14)	2,840,065	—
Noncontrolling interests of investment entities deconsolidated (Note 14)	22,413	—

## **22. Subsequent Events**

Other than as disclosed elsewhere, and in particular, termination of the CLNC management contract as discussed in Note 1, no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the accompanying notes.

## FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Quarterly Report on Form 10-Q (this "Quarterly 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 Quarterly 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 effect 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 impact of the completion of the sale of the Company's hospitality portfolios in connection with its strategic transformation and whether we will realize the anticipated benefits of our exit from our hospitality business;
- the impact of completed or anticipated initiatives related to our digital transformation, including 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;
- the ability to realize efficiencies, as well as anticipated strategic and financial benefits from terminating the management agreement with Colony Credit Real Estate, Inc. (NYSE:CLNC)
- 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 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 portfolio and remaining hospitality portfolio;
- 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" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report. Readers of this

Quarterly 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.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our unaudited consolidated financial statements and accompanying notes thereto, which are included in Item 1 of this Quarterly Report, as well as information contained in our Annual Report on Form 10-K for the year ended December 31, 2020, which is accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

### Our Organization

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, London and Singapore, and have approximately 300 employees.

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. In light of our ongoing digital transformation, we will continue to evaluate whether we will maintain REIT status for 2021 or future years. 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 March 31, 2021, we owned 90% of the Operating Company, as its sole managing member.

Effective April 1, 2021, Thomas J. Barrack Jr., our former Executive Chairman, having completed the transformational plan for the Company set in motion two years ago, has transitioned to a Non-Executive member of the Company's Board of Directors, and the position of Executive Chairman has been eliminated. Ms. Nancy Curtin, a long-time member of the Board and most recently the Lead Independent Director, transitioned to independent, non-executive Chairperson of the Board effective April 1, 2021.

### 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.

At March 31, 2021, the Company has \$46 billion of assets under management ("AUM"), including both third party capital and the Company's balance sheet, of which \$32 billion is dedicated to digital real estate and infrastructure.

With the Company's ongoing digital transformation, the Company currently conducts 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 Digital Colony Partners ("DCP") and separately capitalized vehicles, while other strategies, including digital credit and public equities, 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 has the potential to earn carried interest based upon 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 digital asset space and/or capacity through leases, services and other agreements. The Company currently owns interests in two companies: DataBank, including zColo, an edge colocation data center business; and Vantage SDC, a stabilized hyperscale data center business. 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*—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. This segment also holds other wellness infrastructure-related assets, principally equity interests in and the management contract of NorthStar Healthcare, Inc. ("NorthStar Healthcare"), a non-traded REIT sponsored by the Company.

- *Other*—This segment is primarily composed of the Company's interest in CLNC. The Company expects to monetize the remaining assets in its Other segment as it completes its digital evolution.

## **Digital Transformation**

During the first quarter of 2021, the Company successfully exited its hotel business, and continues its process of actively monetizing a substantial majority of its OED investments and its Other IM business, both of which reside in its Other segment, as discussed further below. The disposition of the Company's hotel business and the continued efforts to monetize the Company's OED investments and Other IM business represent strategic shifts in the Company's business that are expected to have a significant effect on the Company's operations and financial results, and accordingly, have met the criteria as discontinued operations. For all current and prior periods presented, the related assets and liabilities, to the extent they have not been disposed at the respective balance sheet dates, 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 1. "Financial Statements" of this Quarterly Report).

### ***Accelerating the Monetization of OED and Other IM***

Having successfully exited its hotel business in the first quarter of 2021, the Company is continuing its efforts to accelerate the monetization of a substantial majority of its OED investments and Other IM business. These assets consist of non-digital real estate, real estate-related equity and debt investments, and management of the Company's private real estate credit funds and CLNC. In consideration of a potential monetization, the Company reassessed the carrying value of these assets based upon estimated recoverable values. As a result, the Company recognized an aggregate write-down in asset values of \$420.3 million, of which \$121.2 million was attributable to the OP, recorded within impairment loss, equity method loss and other loss in discontinued operations (Note 7 to the consolidated financial statements).

In April 2021, the Company and CLNC agreed to terminate the management agreement for a one-time termination fee of \$102.3 million in cash. The transaction closed on April 30, 2021, resulting in the internalization of CLNC's management and operating functions (the "CLNC Internalization"), with certain employees previously dedicated wholly or substantially to CLNC becoming employees of CLNC. In connection with the CLNC Internalization, CLNC's board of directors ceased to include Company-affiliated directors on CLNC's board of directors upon expiration of their terms in May 2021. The Company also entered into a new stockholders agreement, pursuant to which the Company agreed, for so long as the Company owns at least 10% of CLNC's outstanding common shares, to vote in CLNC director elections as recommended by CLNC's board of directors at any stockholders' meeting that occurs prior to CLNC's 2023 annual stockholders' meeting. In addition, the Company is subject to customary standstill restrictions, including an obligation not to initiate or make stockholder proposals, nominate directors or participate in proxy solicitations, until the beginning of the advance notice window for CLNC's 2023 annual meeting. The Company currently holds a 36.1% equity ownership in CLNC and is prohibited from acquiring additional CLNC shares.

### ***Exit of the Hotel Business***

In March 2021, the Company completed the previously announced exit of its hotel business, which represents a key milestone in the Company's digital transformation. Pursuant to an agreement entered into with a third party in September 2020 (as amended in October 2020, February 2021 and March 2021), the Company sold five of the six hotel portfolios in its Hospitality segment and its 55.6% interest in a portfolio of limited service hotels that was acquired through a consensual foreclosure in July 2017 (the "THL Hotel Portfolio") in its 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 currently managed by the Company. Two of the hotel portfolios that were sold in the Hospitality segment were held through joint ventures in which the Company held a 90% and a 97.5% interest, respectively. The aggregate selling price of \$67.5 million, represented a transaction value of approximately \$2.8 billion, with the acquirer's assumption of \$2.7 billion of investment-level debt.

## Significant Developments

In the first quarter of 2021 and through the date of this filing, significant developments affecting our business and results of operations included the following.

### Digital Business

- We completed the add-on acquisition of zColo's remaining five data centers in France for \$33 million in February 2021.
- In February 2021, we held a first 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 the first quarter of 2021, we are accelerating the monetization of our OED investments and Other IM business. This included termination of the CLNC management contract on April 30, 2021, for which we received a one-time termination fee of \$102.3 million at closing.
- In consideration of potential monetization of the OED investments and Other IM business, these assets were written down by \$420 million in aggregate across our loan portfolio, equity investments and real estate assets, of which \$121 million was attributable to the OP. For all current and prior periods presented, these assets and corresponding liabilities are presented as held for disposition, and the related operating results are presented as discontinued operations (Notes 7 and 14 to the consolidated financial statements).
- In March 2021, we sold five of the six hotel portfolios in our Hospitality segment and our 55.6% interest in the THL Hotel Portfolio in the Other segment, generating net proceeds of \$45.6 million. The transaction was valued at \$2.8 billion, including aggregate selling price of \$67.5 million and the buyer's assumption of \$2.7 billion of investment-level debt.
- In April 2021, we received proceeds from a sale of the two largest assets securing our Irish loan portfolio, which were applied to repay \$265 million of outstanding principal on our loan receivable and extinguish the full \$155 million of debt financing the portfolio. This removed all encumbrances on the remaining assets in the portfolio. Our share of excess net proceeds was \$103.5 million. The Irish loan portfolio is composed of distressed loans that were previously acquired at a discount.

## Results of Operations

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

Excluded are discontinued operations (Note 14 to the consolidated financial statements) which generated loss from discontinued operations attributable to Colony Capital, Inc. of \$125.2 million and \$228.5 million in the three months ended March 31, 2021 and 2020, respectively.

(In thousands)	Total Revenues		Income (Loss) from Continuing Operations		Income (Loss) Attributable to Colony Capital, Inc. from Continuing Operations	
	2021	2020	2021	2020	2021	2020
Three Months Ended March 31,						
Digital Operating	\$ 189,202	\$ 45,167	\$ (62,844)	\$ (18,295)	\$ (8,793)	\$ (3,418)
Digital Investment Management	29,498	19,179	6,041	2,110	5,412	1,902
Digital Other	1,140	160	7,869	(3,035)	3,949	(2,242)
Wellness Infrastructure	93,543	144,679	(41,210)	(66,288)	(32,906)	(49,938)
Other	1,580	3,198	(32,218)	(11,295)	(29,145)	(10,179)
Amounts not allocated to segments	741	4,830	(67,815)	(57,396)	(59,593)	(49,817)
	\$ 315,704	\$ 217,213	\$ (190,177)	\$ (154,199)	\$ (121,076)	\$ (113,692)

### Selected Balance Sheet Data

The following table summarizes key balance sheet data by reportable segment, excluding balances held for disposition (Note 7 to the consolidated financial statements).

(In thousands)	Real Estate, net		Loans Receivable		Equity and Debt Investments		Debt, net	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Digital Operating	\$ 4,459,123	\$ 4,451,865	\$ 5,160	\$ 5,070	\$ —	\$ —	\$ 3,337,342	\$ 3,213,240
Digital Investment Management	—	—	—	—	24,151	19,167	—	—
Digital Other	—	—	31,663	31,727	290,165	377,048	—	—
Wellness Infrastructure	3,223,574	3,338,085	48,449	47,233	69,359	61,790	2,873,579	2,920,030
Other	20,014	20,014	—	—	394,144	418,698	176,727	185,743
Amounts not allocated to segments	—	—	—	—	—	—	489,643	553,337
<b>Total</b>	<b>\$ 7,702,711</b>	<b>\$ 7,809,964</b>	<b>\$ 85,272</b>	<b>\$ 84,030</b>	<b>\$ 777,819</b>	<b>\$ 876,703</b>	<b>\$ 6,877,291</b>	<b>\$ 6,872,350</b>

## Consolidated Results of Operations

### Comparison of Three Months Ended March 31, 2021 to Three Months Ended March 31, 2020

(In thousands)	Three Months Ended March 31,		Change
	2021	2020	
<b>Revenues</b>			
Property operating income	\$ 275,216	\$ 183,953	\$ 91,263
Interest income	2,676	2,607	69
Fee income	33,679	25,128	8,551
Other income	4,133	5,525	(1,392)
<b>Total revenues</b>	<b>315,704</b>	<b>217,213</b>	<b>98,491</b>
<b>Expenses</b>			
Property operating expense	132,264	83,477	48,787
Interest expense	72,485	63,441	9,044
Investment and servicing expense	8,108	5,732	2,376
Transaction-related costs	2,685	596	2,089
Depreciation and amortization	170,967	76,236	94,731
Impairment loss	15,232	48,532	(33,300)
Compensation expense	83,386	42,737	40,649
Administrative expenses	18,957	29,558	(10,601)
Settlement loss	—	5,090	(5,090)
<b>Total expenses</b>	<b>504,084</b>	<b>355,399</b>	<b>148,685</b>
<b>Other income (loss)</b>			
Other loss, net	(8,714)	(9,703)	989
Equity method losses	(18,908)	(11,879)	(7,029)
<b>Loss before income taxes</b>	<b>(216,002)</b>	<b>(159,768)</b>	<b>(56,234)</b>
Income tax benefit	25,825	5,569	20,256
<b>Loss from continuing operations</b>	<b>(190,177)</b>	<b>(154,199)</b>	<b>(35,978)</b>
Loss from discontinued operations	(437,422)	(249,858)	(187,564)
<b>Net loss</b>	<b>(627,599)</b>	<b>(404,057)</b>	<b>(223,542)</b>
Net income (loss) attributable to noncontrolling interests:			
Redeemable noncontrolling interests	2,449	(548)	2,997
Investment entities	(355,862)	(21,749)	(334,113)
Operating Company	(27,896)	(39,601)	11,705
<b>Net loss attributable to Colony Capital, Inc.</b>	<b>(246,290)</b>	<b>(342,159)</b>	<b>95,869</b>
Preferred stock dividends	18,516	19,474	(958)
<b>Net loss attributable to common stockholders</b>	<b>\$ (264,806)</b>	<b>\$ (361,633)</b>	<b>96,827</b>

### Property Operating Income and Property Operating Expenses

(In thousands)	Three Months Ended March 31,		Change
	2021	2020	
Property operating income:			
Digital Operating	\$ 189,002	\$ 45,149	\$ 143,853
Wellness Infrastructure	86,214	138,249	(52,035)
Other	—	555	(555)
	<u>\$ 275,216</u>	<u>\$ 183,953</u>	91,263
Property operating expenses:			
Digital Operating	\$ 79,862	\$ 16,906	\$ 62,956
Wellness Infrastructure	52,400	66,567	(14,167)
Other	2	4	(2)
	<u>\$ 132,264</u>	<u>\$ 83,477</u>	48,787

*Digital Operating*—Amounts in the first quarter of 2021 include Vantage SDC, acquired in July 2020 and zColo, acquired in December 2020.

*Wellness Infrastructure*—Property operating income decreased \$52.0 million, of which \$21.7 million is attributed to the conveyance of a 36 property senior housing operating portfolio to the lender in August 2020, and sales of six net lease properties during 2020. Other factors contributing to the decrease include: (i) \$22.4 million write-off of straight-line rent receivable on our UK net lease senior housing portfolio based upon current assessment of collectability, while we engage in ongoing negotiations with the tenant to restructure the lease; (ii) a decline in occupancy across our senior housing operating portfolio due to restrictions on new admissions in an effort to contain COVID-19; and (iii) acceleration of above-market lease intangible following a lease restructuring. These decreases were partially offset by a gross-up of resident fee income following the conversion of six properties from a net lease portfolio to a senior housing operating portfolio in April 2020.

Property operating expenses decreased \$14.2 million. The conveyance of the senior housing operating portfolio to the lender and the disposition of properties as noted above reduced expenses by \$16.3 million, absent which property operating expenses would have increased \$2.1 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.

*Other*—Amounts represent a net lease property that is in receivership.

### Interest Income

Interest income was largely consistent between the periods. While there was additional interest income in the first quarter of 2021 from new loans originated in the digital segment in the fourth quarter of 2020 and drawdown of the credit facility provided to NorthStar Healthcare in April 2020, this increase was largely offset by lower interest income on available cash as proceeds from the sale of our light industrial business in December 2019 have since been redeployed.

### Fee Income

Fee income is earned from the following sources:

(In thousands)	Three Months Ended March 31,		Change
	2021	2020	
<u>Digital Investment Management segment</u>			
Institutional funds and other investment vehicles	\$ 29,443	\$ 18,944	\$ 10,499
<u>Other segment</u>			
Institutional funds and other investment vehicles	757	1,618	(861)
Non-traded REIT—NorthStar Healthcare	2,769	4,431	(1,662)
Other	710	135	575
Subtotal—Other segment	<u>4,236</u>	<u>6,184</u>	<u>(1,948)</u>
	<u>\$ 33,679</u>	<u>\$ 25,128</u>	8,551

*Digital Investment Management*—Fee income was \$10.5 million, driven by the first closing of DCP II in February 2021, and to a lesser extent, fees from co-investment capital raised for the acquisitions of Zayo by DCP I in March 2020 and Vantage SDC in July 2020.

*Other*—Fee income from the non-digital investment management business was \$1.9 million lower, attributed to a decrease in fees from NorthStar Healthcare based upon a lower net asset value ("NAV") fee base beginning December 2020.

### **Other Income**

Other income decreased \$1.4 million, attributed primarily to lower due diligence cost reimbursements from our sponsored private funds, partially offset by government stimulus funding under the CARES Act Provider Relief Fund.

### **Interest Expense**

<i>(In thousands)</i>	Three Months Ended March 31,		Change
	2021	2020	
Investment-level financing:			
Digital Operating	\$ 31,132	\$ 9,402	\$ 21,730
Wellness Infrastructure	32,705	43,952	(11,247)
Other	—	405	(405)
Corporate-level debt	8,648	9,682	(1,034)
	<u>\$ 72,485</u>	<u>\$ 63,441</u>	9,044

Net decrease in interest expense of \$9.0 million is attributed to the following:

*Digital Operating*—The \$21.7 million increase is attributed to interest expense on debt financing on Vantage SDC and zColo portfolios, acquired in July 2020 and December 2020, respectively. This was partially offset by lower interest expense on the DataBank portfolio as a result of: (i) a decline in LIBOR as all of DataBank's debt was variable rate prior to refinancing through its March 2021 securitization transaction; and (ii) meaningful reduction in its weighted average interest rate post-securitization from 6.1% per annum as of December 31, 2020 to 2.4% per annum as of March 31, 2021.

*Wellness Infrastructure*—Interest expense was lower by \$11.2 million as a result of: (i) decrease in LIBOR on predominantly variable rate debt; (ii) debt repayment upon certain sales of net lease properties in 2020; and (iii) conveyance of underlying collateral to lender in satisfaction of \$157.5 million of outstanding debt principal in August 2020.

*Other*—This represents interest expense on a net lease property that is in receivership.

*Corporate-level Debt*—Interest expense decreased by \$1.0 million as there was no outstanding balance on our corporate credit facility during the first quarter of 2021. This was partially offset by a net increase in interest expense on our senior notes, with a higher rate on the new exchangeable notes issued in July 2020 relative to the convertible notes that were substantially repurchased in the third quarter of 2020 and fully repaid in January 2021.

### **Investment and Servicing Expense**

Investment and servicing costs were \$2.4 million higher, primarily related to management fees paid to Vantage for the day-to-day operations of Vantage SDC, and fees paid for transitional services in connection with the zColo portfolio, both of which were partially offset by costs incurred in the prior year in connection with the conversion of a net lease portfolio to a senior housing operating portfolio in our Wellness Infrastructure segment.

### **Transaction-Related Costs**

Transaction-related costs were \$2.7 million compared to \$0.6 million for the three months ended March 31, 2021 and 2020, respectively. The higher costs in the current period are primarily related to an unconsummated deal and ongoing corporate restructuring transactions.

### **Depreciation and Amortization**

Increase in depreciation and amortization expense is primarily related to real estate and intangible assets from acquisitions of Vantage SDC in July 2020 and zColo in December 2020 and February 2021. The increase was partially offset by decreases due to the effects of lower real estate basis after impairment charges and sales of properties in our Wellness Infrastructure segment.

**Impairment Loss**

These are impairment charges on real estate in our Wellness Infrastructure segment. Impairment of \$15.2 million in the first quarter of 2021 reflects primarily a write-down to net sales proceeds on a medical office building and two portfolios of net lease skilled nursing facilities, all of which were sold in April 2021. In the first quarter of 2020, the aggregate impairment of \$48.5 million was related to a portfolio of senior housing operating facilities and net lease skilled nursing facilities resulting from shortened hold period assumptions in contemplation of underlying debt that was at risk of default. The senior housing portfolio was subsequently conveyed to the lender in August 2020 in settlement of the debt.

**Compensation Expense**

The following table provides the components of compensation expense:

(In thousands)	Three Months Ended March 31,		Change
	2021	2020	
Cash compensation and benefits	\$ 66,813	\$ 37,552	\$ 29,261
Equity-based compensation	16,606	5,185	11,421
Carried interest compensation	(33)	—	(33)
	<u>\$ 83,386</u>	<u>\$ 42,737</u>	40,649

Total compensation expense was \$40.6 million higher, driven by significant severance payments, including acceleration of equity-based compensation in the first quarter of 2021, and compensation costs associated with data center employees of the new zColo portfolio.

**Administrative Expenses**

Administrative expense decreased \$10.6 million, largely attributable to lower costs related to legal and professional services in the current period.

**Settlement Loss**

Settlement loss recognized in the three months ended March 31, 2020 represents the initial fair value of the settlement arrangement with Blackwells, plus the reimbursement of legal costs incurred by Blackwells. Refer to additional discussion in Note 10 to the consolidated financial statements.

**Equity Method Losses**

The increase in equity method losses can be attributed primarily to a higher loss from our investment in CLNC due to its recognition of restructuring costs in the first quarter of 2021, primarily composed of the \$102.3 million termination fee payable to us and other associated costs. This loss was partially offset by an unrealized gain based upon a higher valuation on an equity method investment that is accounted for under the fair value option.

**Other Loss**

We recorded other net loss of \$8.7 million and \$9.7 million for the three months ended March 31, 2021 and 2020, respectively. While the settlement liability to Blackwells increased \$12.7 million in the first quarter of 2021, driven by the increase in CLNY stock price, this was offset by fair value gains on marketable equity securities held by our consolidated digital liquid securities funds. In contrast, in the first quarter of 2020, fair value losses were recorded on marketable equity securities of consolidated funds and there was a remeasurement loss on a GBP denominated loan receivable in our Wellness Infrastructure segment as a result of the financial market distress and appreciation of the USD in March 2020.

**Income Tax Benefit**

We recognized income tax benefit of \$25.8 million and \$5.6 million in the three months ended March 31, 2021 and 2020, respectively, driven by deferred tax benefit recognized on net losses from our DataBank subsidiary, which was higher in 2021, including the zColo business that was acquired in December 2020. Additional deferred tax benefit was also recorded in 2021, arising from significant severance costs.



### Income (Loss) from Discontinued Operations

(In thousands)	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020			Change	
	Other	Hotel	Total	Other	Hotel & Industrial	Total	Other	Hotel & Industrial
<b>Revenues</b>								
Property operating income	\$ 21,169	\$ 122,106	\$ 143,275	\$ 28,352	\$ 218,490	\$ 246,842	\$ (7,183)	\$ (96,384)
Interest income	4,132	—	4,132	30,262	17	30,279	(26,130)	(17)
Fee income	15,962	—	15,962	18,377	—	18,377	(2,415)	—
Other income	8,260	22	8,282	136	62	198	8,124	(40)
<b>Revenues from discontinued operations</b>	<b>49,523</b>	<b>122,128</b>	<b>171,651</b>	<b>77,127</b>	<b>218,569</b>	<b>295,696</b>	<b>(27,604)</b>	<b>(96,441)</b>
<b>Expenses</b>								
Property operating expense	13,253	112,829	126,082	12,612	169,016	181,628	641	(56,187)
Interest expense	15,700	62,318	78,018	10,002	52,377	62,379	5,698	9,941
Transaction-related, investment and servicing costs	5,894	1,794	7,688	4,711	1,560	6,271	1,183	234
Depreciation and amortization	11,670	7,668	19,338	13,062	48,194	61,256	(1,392)	(40,526)
Impairment loss	108,528	—	108,528	86,373	252,363	338,736	22,155	(252,363)
Compensation and administrative expense <sup>(1)</sup>	20,557	2,410	22,967	2,282	2,447	4,729	18,275	(37)
<b>Expenses from discontinued operations</b>	<b>175,602</b>	<b>187,019</b>	<b>362,621</b>	<b>129,042</b>	<b>525,957</b>	<b>654,999</b>	<b>46,560</b>	<b>(338,938)</b>
<b>Other income (loss)</b>								
Gain on sale of real estate	391	45,359	45,750	7,932	—	7,932	(7,541)	45,359
Other gain (loss), net	(200,683)	3	(200,680)	3,375	2,861	6,236	(204,058)	(2,858)
Equity method earnings (losses)	(92,611)	—	(92,611)	109,170	—	109,170	(201,781)	—
<b>Income (loss) from discontinued operations before income taxes</b>	<b>(418,982)</b>	<b>(19,529)</b>	<b>(438,511)</b>	<b>68,562</b>	<b>(304,527)</b>	<b>(235,965)</b>	<b>(487,544)</b>	<b>284,998</b>
Income tax benefit (expense)	2,613	(1,524)	1,089	(16,482)	2,589	(13,893)	19,095	(4,113)
<b>Income (loss) from discontinued operations</b>	<b>(416,369)</b>	<b>(21,053)</b>	<b>(437,422)</b>	<b>52,080</b>	<b>(301,938)</b>	<b>(249,858)</b>	<b>(468,449)</b>	<b>280,885</b>
Income (loss) from discontinued operations attributable to:								
Noncontrolling interests in investment entities	(302,387)	3,370	(299,017)	35,116	(31,485)	3,631	(337,503)	34,855
Noncontrolling interests in Operating Company	(10,863)	(2,328)	(13,191)	1,674	(26,696)	(25,022)	(12,537)	24,368
<b>Income (loss) from discontinued operations attributable to Colony Capital, Inc.</b>	<b>\$ (103,119)</b>	<b>\$ (22,095)</b>	<b>\$ (125,214)</b>	<b>\$ 15,290</b>	<b>\$ (243,757)</b>	<b>\$ (228,467)</b>	<b>(118,409)</b>	<b>221,662</b>

#### Other

The results in this column represent the operations of substantially all of the OED investments and Other IM business in the Other segment, composed of non-digital real estate, real estate-related equity and debt investments, fee income from CLNC and the Company's private real estate credit funds and co-investment vehicles, and underlying compensation and administrative costs for managing these non-digital investments and investment vehicles.

The Other segment generated loss from discontinued operations of \$416.4 million compared to income from discontinued operations of \$52.1 million in the three months ended March 31, 2021 and 2020, respectively, attributed primarily to the following:

- Asset values were written down by \$420.3 million in the aggregate in the first quarter of 2021 (of which \$121.2 million was attributable to the OP) based upon estimated recoverable values considering a potential monetization of the OED investments and Other IM business. This amount is composed of \$108.5 million of impairment loss on real estate and investor relationship intangible asset, \$108.0 million of impairment and unrealized fair value loss on equity investments (recorded in equity method earnings), and \$203.8 million of unrealized fair value loss on loans receivable and investment in a third party fund (recorded in other loss). In contrast, impairment loss was \$86.4 million in the first quarter of 2020, with \$79.0 million attributed to the Other IM goodwill and remainder to OED real estate assets.

- Total revenues were \$27.6 million lower, driven by the following:
  - Interest income decreased \$26.1 million as a number of loans were placed on nonaccrual beginning the second and third quarters of 2020 due to increased uncertainty over collectability resulting from the COVID-19 crisis, and additionally, loans were sold or repaid during 2020; and
  - Fee income decreased \$2.4 million due to a decrease in CLNC stockholders' equity fee base following the onset of COVID-19 and continued liquidation of credit and opportunistic funds over time; partially offset by
  - Higher other income, representing a higher gross up of income and compensation expense on CLNC equity awards (Note 17 to consolidated financial statements), as discussed below.
- Higher operating expenses further compounded the decrease in revenues, notably the following:
  - Interest expense was \$5.7 million higher, attributed primarily to profit allocation to a participating mortgage debt that is recorded as interest expense, based upon the returns from a sale of two loans receivable that closed in April 2021; and
  - Compensation cost was higher as 2021 included an acceleration of equity based compensation on CLNC equity awards that fully vested upon termination of the CLNC management contract in April 2021, while compensation expense in 2020 had been reduced by a reversal of equity based compensation on CLNC awards and a reversal of unrealized carried interest compensation.
- In contrast, 2020 included a \$106.1 million gain from the sale of an equity investment, partially offset by a reversal of unrealized carried interest allocation from our sponsored credit funds. The gain on sale is subject to tax, resulting in additional income tax expense in 2020.

#### *Hotel and Industrial*

The bulk industrial portfolio recorded net income of \$0.5 million in the first quarter of 2020 and was sold in December 2020.

The hotel business generated net loss of \$21.1 million and \$302.4 million in the three months ended March 31, 2021 and 2020, respectively, a \$281.4 million decrease in losses. Results in 2021 reflect the hotel operations through mid-March for the THL Hotel Portfolio and five of the six portfolios in our Hospitality segment prior to their sale in March 2021. The one remaining hotel portfolio is currently in receivership. The significant net loss in 2020 was driven by \$252.4 million of impairment charges resulting from shortened hold period assumptions. In 2021, a gain of \$45.4 million was recorded from sale of the hotel business based upon final proceeds and carrying values at the time of sale, attributed largely to debt extinguishment.

## Assets Under Management and Fee Earning Equity Under Management ("FEEUM")

Below is a summary of our AUM and FEEUM.

Type	Products	Description	AUM <sup>(1)</sup> (In billions)		FEEUM <sup>(2)</sup> (In billions)	
			March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
<b>Digital</b>						
<b>Third Party Managed Capital</b>						
Institutional Funds	Digital Colony Partners opportunistic strategy	Earns management fees and potential for carried interest	\$ 10.7	\$ 9.3	\$ 7.1	\$ 7.0
	Liquid securities strategy		0.5	0.5	0.4	0.4
Other Investment Vehicles	Digital real estate and infrastructure held by portfolio companies and co-invest vehicles	Earns management fees, business service fees and potential for carried interest	19.5	18.8	5.4	5.4
<b>Subtotal—Third Party Managed Capital</b>			<b>30.7</b>	<b>28.6</b>	<b>12.9</b>	<b>12.8</b>
<b>Balance sheet capital <sup>(3)</sup></b>						
	Digital Operating		1.1	0.3	NA	NA
	Digital Other		0.2	1.1	NA	NA
<b>Total—Digital IM</b>			<b>32.0</b>	<b>30.0</b>	<b>12.9</b>	<b>12.8</b>
<b>Other <sup>(4)</sup></b>						
<b>Third Party Managed Capital</b>						
Institutional Funds	Credit funds, opportunistic funds, value-add funds and other co-investment vehicles	Earns management fees from all managed funds	6.6	7.4	4.4	4.6
Retail Companies	NorthStar Healthcare	Earns management fees	3.3	3.4	0.7	0.7
Public Companies	Colony Credit Real Estate, Inc. <sup>(5)</sup>	NYSE-listed credit REIT	—	2.6	—	1.9
		Earned management fees (prior to April 30, 2021)				
<b>Subtotal—Third Party Managed Capital</b>			<b>9.9</b>	<b>13.4</b>	<b>5.1</b>	<b>7.2</b>
<b>Balance sheet capital <sup>(3)</sup></b>						
	Wellness Infrastructure		2.7	2.7	NA	NA
	Hospitality		—	2.5	NA	NA
	Other—OED		1.6	3.3	NA	NA
<b>Total—Other IM</b>			<b>14.2</b>	<b>21.9</b>	<b>5.1</b>	<b>7.2</b>
<b>Total Company—Third Party and Balance Sheet Capital</b>			<b>\$ 46.2</b>	<b>\$ 51.9</b>	<b>18.0</b>	<b>\$ 20.0</b>

<sup>(1)</sup> Third party AUM is composed of 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. Third party 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 may include uncalled capital commitments. The Company's calculations of third party AUM may differ from other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers.

<sup>(2)</sup> FEEUM is 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.

<sup>(3)</sup> Represents the Company's investment interests on its balance sheet, excluding the portion held by noncontrolling interests in investment entities, that is managed by the Company on behalf of its stockholders, therefore is not fee-bearing. Balance sheet AUM reflects generally the OP's share of net book value of the respective segments, determined based upon undepreciated carrying value of assets, and where applicable, after impairment charges that create a new basis for the affected assets, in all instances, net of liabilities.

<sup>(4)</sup> Except for Wellness Infrastructure, which includes NorthStar Healthcare, a substantial majority of the remaining non-digital AUM represents assets held for sale and discontinued operations.

<sup>(5)</sup> Reflects termination of our management agreement with CLNC on April 30, 2021.

Total FEEUM decreased \$2.0 billion to \$18.0 billion at March 31, 2021. While Digital FEEUM increased \$0.1 billion, the overall decrease reflects the termination of our management agreement with CLNC on April 30, 2021, for which we received a one-time termination fee of \$102.3 million, and lower asset values within our institutional funds.

## Segments

The following discussion summarizes key information on our Digital and Wellness Infrastructure 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 Digital Colony Partners ("DCP") and separately capitalized vehicles, while other strategies, including digital credit and public equities, 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 has the potential to earn carried interest based upon the performance of such investment vehicles subject to achievement of minimum return hurdles.

#### *DCP II*

In February 2021, we held a first 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 have \$12.9 billion of Digital IM FEEUM at March 31, 2021. Refer to further details in "*—Assets Under Management and Fee Earning Equity Under Management.*"

#### *Operating Performance*

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

<i>(In thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Total revenues	\$ 29,498	\$ 19,179
Net income	6,041	2,110
Net income attributable to Colony Capital, Inc.	5,412	1,902

- Fee income from our Digital IM business is trending positively in 2021, with fees from the first close of DCP II in February 2021 and new co-invest capital raised for various acquisitions during 2020, and reflects the significant growth in our Digital IM FEEUM from \$7.7 billion at March 31, 2020 to \$12.9 billion at March 31, 2021. Net income from our Digital IM segment is generally attributed 31.5% to Wafra, a significant investor in our Digital IM business effective July 2020.

### **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 digital asset space and/or capacity through leases, services and other agreements. The Company currently owns interests in two companies: DataBank, including zColo, an edge colocation data center business; and Vantage SDC, a stabilized hyperscale data center business. Both DataBank and Vantage are also portfolio companies managed under Digital IM for the equity interests owned by third party capital.

Our ownership interest is at 20% for DataBank, including zColo, and 13% for Vantage SDC.

#### *Significant Developments*

- *DataBank Strategic Investment*—Following DataBank's acquisition of zColo's 39 U.S and U.K. colocation assets in December 2020 for approximately \$1.2 billion, an add-on acquisition of zColo's remaining five data centers in France for \$33 million closed in February 2021.
- *DataBank REIT Conversion*—Our DataBank subsidiary is currently in the process of restructuring its operations in order to qualify as a REIT. If DataBank satisfies the REIT qualification requirements, DataBank anticipates electing REIT status for U.S. federal income tax purposes for the 2021 taxable year. Provided REIT status is elected, 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. However, DataBank would continue to be subject to U.S. federal income taxes on income earned by any of its taxable subsidiaries.

### Portfolio Overview

Our data center portfolio currently spans across 21 states in the U.S, with three in Canada, one in U.K. and five in France.

	March 31, 2021	December 31, 2020
Number of data centers		
Owned	25	25
Leasehold	51	46
	76	71
<i>(In thousands, except %)</i>		
Max Critical I.T. Square Feet	1,792	1,720
Leased Square Feet	1,423	1,386
% Utilization Rate	79.4%	80.6%

### Balance Sheet Information

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

<i>(In thousands)</i>	March 31, 2021	December 31, 2020
Real estate	\$ 4,459,123	\$ 4,451,865
Loan receivable	5,160	5,070
Debt	3,337,342	3,213,240

- Higher debt balance at March 31, 2021 reflects additional debt obtained through DataBank's securitization transaction, as described below.

### Financing

At March 31, 2021, our data center business was financed by an aggregate \$3.4 billion of outstanding debt principal, of which \$2.8 billion is fixed rate debt and \$0.6 billion is variable rate debt, bearing a combined weighted average interest rate of 3.04% per annum.

In March 2021, DataBank raised \$658 million of securitized notes at a blended fixed rate of 2.3%, with 5 years maturity. The proceeds were applied principally to refinance \$514 million of outstanding debt, which meaningfully reduced the overall cost of debt from 6.1% per annum as of December 31, 2020 to 2.4% per annum as of March 31, 2021 and extended debt maturities at DataBank.

### Operating Performance

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

<i>(In thousands)</i>	Three Months Ended March 31,	
	2021	2020
Total revenues	\$ 189,202	\$ 45,167
Net loss	(62,844)	(18,295)
Net loss attributable to Colony Capital, Inc.	(8,793)	(3,418)

- Operating results in 2021 include results from the acquisitions of Vantage SDC in July 2020 and zColo in December 2020.
- Net loss is driven by the effects of depreciation and amortization expense, and also includes interest expense. Operating results excluding these items are presented below as earnings before interest, tax, depreciation and amortization for real estate ("EBITDAre").

## EBITDAre

EBITDAre generated by our Digital Operating segment is as follows. A reconciliation of the most directly comparable GAAP measure to EBITDAre is presented in "*Non-GAAP Supplemental Financial Measures*."

(In thousands)	Three Months Ended March 31,	
	2021	2020
Total revenues	\$ 189,202	\$ 45,167
Property operating expenses	(79,862)	(16,906)
Transaction-related and investment costs	(6,445)	(197)
Compensation and administrative expense	(24,651)	(12,656)
EBITDAre—Digital Operating	\$ 78,244	\$ 15,408

The higher EBITDAre in the first quarter of 2021 reflects the addition of Vantage SDC and zColo, acquired in July and December 2020, respectively.

## 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)	March 31, 2021	December 31, 2020
Loan receivable	\$ 31,663	\$ 31,727
Equity investments		
DCP funds	156,359	153,872
Digital liquid securities strategy	133,806	223,176

- Loan receivable was originated in November 2020 and warehoused on our balance sheet for a future digital credit investment vehicle.
- Equity investments represent primarily:
  - our equity method interest in DCP I; and
  - equity investments in our digital liquid securities strategy, of which \$103 million in a third party mutual fund was liquidated in January 2021. Remaining balance is composed principally of marketable equity securities held by two consolidated Company-sponsored open-end funds (our interests in the funds range between 24% and 55%).
- 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). Wafra will be responsible for \$17 million of our remaining commitment to DCP I. No capital has been called by DCP II to-date.

### Operating Performance

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

(In thousands)	Three Months Ended March 31,		Change
	2021	2020	
Interest income	\$ 690	\$ 7	\$ 683
Equity method earnings (losses)	2,776	465	2,311
Other gain (loss), net	3,188	(3,572)	6,760
Net income (loss)	7,869	(3,035)	10,904
Net income (loss) attributable to Colony Capital, Inc.	3,949	(2,242)	6,191

- Operating results include unrealized fair value changes in i) investments held by DCP I (reflected in equity method earnings); and ii) marketable equity securities held by consolidated funds in the digital liquid securities strategy (reflected in other gain (loss), net).

## 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. This segment also holds other wellness infrastructure-related assets, principally equity interests in and the management contract of NorthStar Healthcare.

The Company owns between 69.6% and 81.3% of the various real estate portfolios in the Wellness Infrastructure segment.

In the first quarter of 2021, the Company reorganized its Wellness Infrastructure segment to retrospectively include other healthcare related assets and obligations. These assets and obligations encompass: (i) the Company's equity interests in and the management contract of NorthStar Healthcare, equity investment in a healthcare asset manager, and N-Star CDOs collateralized largely by certain debt and preferred equity within the capital structure of Wellness Infrastructure, all of which previously resided in the Other segment; as well as (ii) the 5.375% exchangeable senior notes, trust preferred securities and corresponding junior subordinated debt that were not previously allocated to reportable segments, all of which were issued by NRF Holdco, LLC, a subsidiary of the Company which holds the Wellness Infrastructure assets and acts as guarantor.

### Overview

Our wellness infrastructure properties are located across 30 states domestically and in the U.K. (representing 19% of our portfolio based upon NOI for the first quarter of 2021).

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

(In thousands)	March 31, 2021	December 31, 2020
<b>Real estate</b>		
Held for investment	\$ 3,223,574	\$ 3,338,085
Held for disposition	248,278	162,952
Loans receivable	48,449	47,233
Equity and debt investment	69,359	61,790
Debt (at carrying value)	2,873,579	2,920,030

The following table presents selected metrics on our Wellness Infrastructure operating properties:

	Number of Properties	Capacity	Average Occupancy <sup>(1)</sup>	Average Remaining Lease Term (Years)
<b>March 31, 2021</b>				
Senior housing—operating	53	4,756 units	69.4 %	N/A
Medical office buildings	106	3.8 million sq. ft.	82.6 %	4.5
Net lease—senior housing	65	3,534 units	70.8 %	11.2
Net lease—skilled nursing facilities	83	9,723 beds	68.2 %	5.0
Net lease—hospitals	9	456 beds	62.8 %	9.1
Total	<u>316</u>			
<b>December 31, 2020</b>				
Senior housing—operating	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	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	<u>316</u>			

<sup>(1)</sup> 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.

### Dispositions

In April 2021, we sold (i) a medical office building and repaid \$22.3 million of underlying debt; and (ii) two portfolios of net lease skilled nursing facilities, totaling eight properties with 1,025 beds, which included assumption by the respective buyers of \$46.1 million of associated debt, of which \$44.1 million was in default in March 2021.

In addition to the properties sold, a medical office building and various net lease skilled nursing facilities totaling 12 properties and 1,515 beds were held for disposition at March 31, 2021, with an aggregate carrying value of \$156.0 million and encumbered with \$74.2 million of outstanding debt.

### Financing

Indebtedness of our Wellness Infrastructure segment at March 31, 2021 is summarized as follows:

(\$ in thousands)	Outstanding Principal	Weighted Average Interest Rate (Per Annum)	Weighted Average Years Remaining to Maturity <sup>(1)</sup>
NRF Holdco 5.375% exchangeable note	\$ 13,605	5.375 %	12.2
Junior subordinated debt	280,117	3.06 %	15.2
Non-recourse secured investment level debt			
Fixed rate	400,075	4.55 %	3.9
Variable rate	2,283,458	3.89 %	3.1
	<u>2,683,533</u>		
Total debt principal (excluding amounts related to assets held for disposition)	<u>\$ 2,977,255</u>		

### Operating Performance

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

(In thousands)	Three Months Ended March 31,		Change
	2021	2020	
Property operating income	\$ 86,214	\$ 138,249	\$ (52,035)
Interest income	1,815	792	1,023
Fee income	2,769	4,431	(1,662)
Other income	2,745	1,207	1,538
Total revenues	93,543	144,679	(51,136)
Net loss	(41,210)	(66,288)	25,078
Net loss attributable to Colony Capital, Inc.	(32,906)	(49,938)	17,032

Operating results at the property level are discussed under NOI below. Results summarized above include (i) the effects of interest expense on mortgage financing, impairment charges and depreciation and amortization expense on our wellness infrastructure real estate portfolio; as well as (ii) results from our debt securities portfolio, equity investments and management of NorthStar Healthcare, which are discussed in "*—Results of Operations.*"

Earnings in both years were affected by the fallout from COVID-19 on the operations of our healthcare properties, as discussed in more detail below. In comparison, net loss was higher in the first quarter of 2020, attributed to \$33.3 million of higher real estate impairment loss. Results in the first quarter of 2021 were negatively affected by a \$22.4 million reversal of straight-line rent receivable on our UK net lease senior housing portfolio while we engage in ongoing negotiations with the tenant to restructure the lease, partially offset by lower interest expense due to a decline in LIBOR and extinguishment of \$157.5 million of debt in August 2020 through conveyance of underlying collateral to the lender.



### Net Operating Income

NOI of our wellness infrastructure operating properties is derived as follows and is reconciled to the most directly comparable GAAP measure in "—Non-GAAP Supplemental Financial Measures."

(In thousands)	Three Months Ended March 31,	
	2021	2020
Total revenues	\$ 88,666	\$ 139,182
Straight-line rent and amortization of above- and below-market lease intangibles and ground lease ROU assets	24,571	(3,968)
Interest income	(53)	(25)
Property operating expenses	(52,400)	(66,567)
NOI—Wellness Infrastructure	\$ 60,784	\$ 68,622

NOI by type of wellness infrastructure properties is as follows:

(\$ in thousands)	Three Months Ended March 31,		Change	
	2021	2020	\$	%
Senior housing—operating	\$ 8,654	16,853	\$ (8,199)	(48.7)%
Medical office buildings	13,574	12,991	583	4.5 %
Net lease				
Senior housing	14,066	14,304	(238)	(1.7)%
Skilled nursing facilities	22,037	22,523	(486)	(2.2)%
Hospitals	2,453	1,951	502	25.7 %
NOI—Wellness Infrastructure	\$ 60,784	\$ 68,622	(7,838)	(11.4)%

NOI decreased \$7.8 million, of which \$4.6 million was attributed to the conveyance of 36 properties in a senior housing operating portfolio to the lender in August 2020, and sales of six net lease properties in 2020. The remaining decrease in NOI is attributed primarily to 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.

#### Effects of COVID-19 on our Wellness Infrastructure Segment

Although there are some indications that widespread vaccine deployment has eased some of the effects of COVID-19, our first priority 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 significant vaccine deployment has begun to mitigate the number of confirmed COVID-19 cases. Nevertheless, the incidence of confirmed cases in our portfolio correlates with vaccination rates, local prevalence, and the emergence of variants.

The COVID-19 vaccine rollout began in early January 2021. Our operators and tenants coordinated 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. Currently, their focus is on the coordination of vaccines for new residents and employees. 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 have implemented 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 programs that permit or require forbearance of rent payments by tenants affected by COVID-19. The Company 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. As of March 31, 2021, the increase in lease income receivable as a result of the

deferral was \$0.1 million. 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. Although some restrictions have loosened, we continue to face challenges from consumer apprehension regarding congregate living, staffing challenges, and regulatory scrutiny. There remains 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 still anticipate occupancy challenges until such time the rate of resident move-outs is outpaced by new resident admissions. Although improving, there continues to be 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. Since the onset of the pandemic, we have incurred \$13.2 million of such incremental costs, of which \$7.0 million was abated through income received from government stimulus funding under the CARES Act Provider Relief Fund. The increased operating costs are expected to continue until there is a shift in the employment market dynamics and consumer confidence.
- Our senior housing and skilled nursing net leased portfolios 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 remains uncertain at this time, and largely dependent on the duration and severity of the COVID-19 crisis, vaccination rates, and the employment market.

### **Non-GAAP Supplemental Financial Measures**

The Company reports funds from operations ("FFO") as an overall non-GAAP supplemental financial measure. The Company also reports EBITDAre 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, EBITDAre 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)	Three Months Ended March 31,	
	2021	2020
<b>Net loss attributable to common stockholders</b>	<b>\$ (264,806)</b>	<b>\$ (361,633)</b>
Adjustments for FFO attributable to common interests in Operating Company and common stockholders:		
Net loss attributable to noncontrolling common interests in Operating Company	(27,896)	(39,601)
Real estate depreciation and amortization	184,762	130,523
Impairment of real estate	106,077	308,268
Gain on sales of real estate	(38,102)	(7,933)
Less: Adjustments attributable to noncontrolling interests in investment entities <sup>(1)</sup>	(188,496)	(82,329)
FFO attributable to common interests in Operating Company and common stockholders	<b>\$ (228,461)</b>	<b>\$ (52,705)</b>

<sup>(1)</sup> The components of adjustments attributable to noncontrolling interests in investment entities for FFO are as follows:

(In thousands)	Three Months Ended March 31,	
	2021	2020
FFO adjustments attributable to noncontrolling interests in investment entities:		
Real estate depreciation and amortization	\$ 117,281	\$ 47,715
Impairment of real estate	71,151	40,134
Gain on sales of real estate	64	(5,520)
	<b>\$ 188,496</b>	<b>\$ 82,329</b>

### **EBITDAre**

We calculate EBITDAre for our Digital Operating segment in accordance with standards established by NAREIT, which defines EBITDAre 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.

EBITDAre 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. EBITDAre 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 EBITDAre may be limited. For example, EBITDAre 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 EBITDAre, and net loss of the Wellness Infrastructure segment to NOI of the operating properties in Wellness Infrastructure.

(In thousands)	Digital Operating		Wellness Infrastructure	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2021	2020	2021	2020
Net loss	\$ (62,844)	\$ (18,295)	\$ (41,210)	\$ (66,288)
Adjustments:				
Straight-line rent and amortization of above- and below-market lease intangibles and ground lease ROU assets	—	—	24,571	(3,968)
Interest income	—	—	(999)	100
Fee income	—	—	(2,769)	(4,431)
Other income	—	—	(1,162)	(1,191)
Interest expense	31,132	9,402	32,705	43,952
Transaction-related, investment and servicing costs	—	—	2,163	2,913
Depreciation and amortization	122,221	30,031	31,418	37,460
Impairment loss	—	—	15,232	48,532
Compensation and administrative expense	—	—	3,913	5,205
Other (gain) loss, net	3	—	(657)	6,467
Income tax (benefit) expense	(12,268)	(5,730)	(2,421)	(129)
EBITDAre / NOI	\$ 78,244	\$ 15,408	\$ 60,784	\$ 68,622

### Liquidity and Capital Resources

#### Overview

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

As of March 31, 2021, our liquidity position was \$667 million, composed of corporate cash on hand and availability under our corporate credit facility.

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 in 2020 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*

As of March 31, 2021, we have \$170 million of unfunded capital commitments to our DCP I and DCP II funds, 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 approximately \$50 million remaining 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 March 31, 2021, we have \$146.8 million and \$321.4 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 \$42.2 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.

### *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 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 March 31, 2021, 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. Of our fee revenue from digital investment management business, 31.5% is attributable to Wafra. 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.

#### Asset Monetization

We periodically monetize our investments through opportunistic asset sales or to recycle capital from non-core assets. In 2021, we anticipate monetizing a substantial majority of the assets in our Other segment as we complete our digital transformation.

#### Debt

Description of our debt is included in Note 9 to the consolidated financial statements (and Note 7 for debt related to assets held for disposition).

#### Summary of Indebtedness

Our indebtedness at March 31, 2021 is summarized as follows:

(\$ in thousands)	Outstanding Principal	Weighted Average Interest Rate (Per Annum)	Weighted Average Years Remaining to Maturity <sup>(1)</sup>
Corporate credit facility	\$ —	— %	0.8
Convertible and exchangeable senior notes	513,605	5.31 %	3.3
Junior subordinated debt	280,117	3.06 %	15.2
Non-recourse investment level financing			
Fixed rate	3,210,729	2.77 %	4.5
Variable rate	3,018,775	4.29 %	3.3
	<u>6,229,504</u>		
Total debt (excluding amounts related to assets held for disposition)	<u>\$ 7,023,226</u>		
Debt related to assets held for disposition (to be assumed by counterparty)			
Wellness Infrastructure	\$ 44,149		
Hotels <sup>(2)</sup>	780,000		
Other	884,053		

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

<sup>(2)</sup> Represents debt on a hotel portfolio that is under receivership.

#### Recent Developments

##### Corporate Credit Facility

We expect to either exercise the second extension option on our credit facility prior to maturity in July 2021, with a reduction to the current maximum principal amount of \$400 million, or otherwise replace the existing credit facility. As of the date of filing, the full \$400 million was available to be drawn.

### *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*—In March 2021, DataBank raised \$658 million of securitized notes at a blended fixed rate of 2.3%, with 5 years maturity. The proceeds were applied principally to refinance \$514 million of outstanding debt, which meaningfully reduced the overall cost of debt from 6.1% per annum as of December 31, 2020 to 2.4% per annum as of March 31, 2021 and extended debt maturities at DataBank.
- *Hotels*—Upon closing of the sale of our hotel assets in March 2021, \$2.7 billion of the underlying debt was assumed by the acquirer, which resulted 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.

<i>(In thousands)</i>	Three Months Ended March 31,	
	2021	2020
Net cash provided by (used in):		
Operating activities	\$ (23,937)	\$ (59,669)
Investing activities	(7,901)	166,921
Financing activities	99,171	4,882

### *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 resulted in net cash outflows of \$23.9 million in 2021 and \$59.7 million in 2020.

Notable items affecting operating cash flows included the following:

- in 2021, contribution of operating cash flows from our Digital Operating segment, specifically Vantage SDC acquired in July 2020 and zColo acquired in December 2020, partially offset by significant severance payments; and
- in 2020, payment of \$39.9 million of accrued carried interest compensation in connection with carried interest realized from the sale of our light industrial portfolio in December 2019.

### *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 resulted in net cash outflows of \$7.9 million in 2021 compared to net cash inflows of \$166.9 million in 2020.

- *Equity investments*—In 2021, we recorded net cash outflows of \$25.0 million from equity investments, largely from draws on ADC loans that are accounted for as equity method investments. In contrast, investing cash inflows in 2020 was driven by \$133.6 million generated from equity investments, which was attributed primarily to \$179.1 million of net proceeds received from sale of our investment in RXR Realty, partially offset by additional draws on ADC loans.



- *Real estate investments*—2021 saw net cash outflows of \$9.2 million, with proceeds from sales of various European properties and our hotel business more than offset by capital expenditures. In 2020, real estate activities generated net cash inflows of \$48.5 million with relatively higher proceeds from sale and no new acquisitions, coupled with lower capital expenditures on a smaller digital real estate portfolio.
- *Debt investments*—Our loan and securities portfolio generated net cash outflows of \$4.5 million in 2021, largely from a \$9.7 million acquisition of additional N-Star CDOs by our Wellness Infrastructure segment at a discount, and partially offset by repayments exceeding disbursements on our loan portfolio. In 2020, the \$13.1 million net cash outflow reflects activities in our loan portfolio, which partially offset the net cash inflows from equity investments and real estate.

### *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 senior notes. Accordingly, we incur cash outlays for payments on our investment-level and corporate debt, dividends to our preferred stockholders and common stockholders (temporarily suspended), as well as distributions to our noncontrolling interests.

Financing activities generated net cash inflows of \$99.2 million in 2021 and \$4.9 million in 2020.

- The higher financing net cash inflows in 2021 were driven by \$91.0 million of net contributions from noncontrolling interests. This was composed largely of a syndication of our interest to a new third party investor in our zColo investment vehicle and assumption of a portion of our commitments to DCP I by Wafra. While there were net borrowings from our secured mortgage debt during the period, the cash inflow was offset by a \$31.5 million repayment of our remaining convertible senior notes at maturity. We also had lower dividend payments of \$18.5 million to preferred stockholders in 2021, as common dividends were suspended beginning with the second quarter of 2020.
- In 2020, while borrowings exceeded debt repayments by \$496.2 million, primarily due to a \$600 million draw on our corporate credit facility, we also settled the redemption of our Series B and E preferred stock for \$402.9 million in January 2020 using proceeds from the sale of our light industrial portfolio in December 2019. Additionally, dividend payments were higher, totaling \$77.4 million as it included both preferred and common stock.

### **Guarantees and Off-Balance Sheet Arrangements**

In connection with financing arrangements for certain unconsolidated ventures, we provided customary non-recourse carve-out guarantees. We believe that the likelihood of making any payments under the guarantees is remote.

### **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.

### ***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.

There have been no changes to our critical accounting policies or those of our unconsolidated joint ventures since the filing of our Annual Report on Form 10-K for the year ended December 31, 2020.

With respect to critical estimates, 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.

### **Recent Accounting Updates**

The effects of accounting standards adopted in 2021 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 1 of this Quarterly Report.

### **Item 3. 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 March 31, 2021, 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 March 31, 2021, all of which were under 1% at March 31, 2021.

(\$ in thousands)	+2.00%	+1.00%	Maximum Decrease in Applicable Index
Increase (decrease) in interest expense	\$ 90,868	\$ 46,666	\$ (3,594)
Amount attributable to noncontrolling interests in investment entities	31,885	16,234	(741)
Amount attributable to Operating Company	<u>\$ 58,983</u>	<u>\$ 30,432</u>	<u>\$ (2,853)</u>

### Foreign Currency Risk

We have foreign currency rate exposures related to our foreign currency-denominated investments, in EUR and in GBP, 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, using primarily foreign currency put options, forward contracts and costless collars. The maturity dates of these instruments approximate the projected dates of related cash flows for specific investments.

We expect our foreign currency exposure to be reduced significantly in the near future as we are currently pursuing a monetization of the remaining investments in our OED portfolio in the Other segment, which holds a substantial portion of our foreign currency denominated investments.

### 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 4. 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 March 31, 2021.

##### **Changes in Internal Control over Financial Reporting**

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 March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than our continuing evaluation of the policies, processes, systems and operations of Vantage SDC that was acquired in July 2020 and zColo that was acquired by DataBank in December 2020.

**PART II—OTHER INFORMATION****Item 1. Legal Proceedings.**

The Company may be involved in litigation and claims in the ordinary course of business. As of March 31, 2021, the Company was not involved in any material legal proceedings.

**Item 1A. Risk Factors.**

For a discussion of our potential risks and uncertainties, please refer to the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2020, which is available on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.****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 first quarter of 2021, in satisfaction of redemption request by a former employee OP Unit holder, we issued 5,147 shares of our class A common stock to the former employee. Such shares of class A common stock were issued in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.****Submission of Matters to a Vote of Security Holders - Results of 2021 Annual Meeting of Stockholders**

On May 4, 2021, the Company held its 2021 Annual Meeting of Stockholders to vote on the proposals described in detail in the Company's 2021 definitive proxy statement filed with the U.S. Securities and Exchange Commission on March 30, 2021 (the "Proxy Statement"). The final results for the votes regarding each proposal are set forth below.

*Proposal 1: Election of Directors*

The following persons were duly elected to the Company's Board of Directors to serve until the 2022 Annual Meeting of Stockholders and until his or her successor is duly elected and qualified, by the following vote:

Nominee	Votes For	Votes Against	Abstentions	Broker Non-Votes
Thomas J. Barrack, Jr.	311,214,262	15,121,300	1,046,556	54,933,638
J. Braxton Carter	324,940,703	2,220,241	221,174	54,933,638
Nancy A. Curtin	325,141,135	1,863,327	377,656	54,933,638
Jeannie H. Diefenderfer	325,103,917	1,927,576	350,625	54,933,638
Jon A. Fosheim	322,074,609	5,055,118	252,391	54,933,638
Marc C. Ganzi	325,967,660	1,234,695	179,763	54,933,638
Gregory J. McCray	325,153,801	1,864,584	363,733	54,933,638
Sháka Rasheed	325,693,866	1,321,733	366,519	54,933,638
Dale Anne Reiss	324,723,468	2,297,492	361,158	54,933,638
John L. Steffens	310,209,092	16,923,768	249,259	54,933,638

*Proposal 2: Approval (on an advisory, non-binding basis) of Executive Compensation*

The Company's stockholders approved (on an advisory, non-binding basis) the compensation of the Company's named executive officers as of December 31, 2020 as described in the Compensation Discussion and Analysis and executive compensation tables of the Proxy Statement. The table below sets forth the voting results for this proposal:

Votes For	Votes Against	Abstentions	Broker Non-Votes
310,922,403	12,342,945	4,116,770	54,933,638

*Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm*

The Company's stockholders ratified the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2021, by the following vote:

Votes For	Votes Against	Abstentions	Broker Non-Votes
380,214,141	1,588,338	513,277	—

**Employment Agreement with Sonia Kim**

On May 5, 2021, we entered into an employment agreement with Sonia Kim, effective as of January 1, 2021, in connection with Ms. Kim's service as a Managing Director and the Chief Accounting Officer of the Company. The employment agreement provides for an initial term of one year for Ms. Kim, which began on January 1, 2021, with each initial term subject to automatic renewals of additional successive one-year periods unless either party provides at least 180 days' advance notice of non-renewal. The agreement requires that Ms. Kim will devote her full business time and attention to the performance of her duties to us, but will be permitted to engage in certain other outside activities so long as they do not unreasonably interfere with the performance of her duties to us.

The agreement provides that Ms. Kim will receive an annual base salary of not less than \$350,000, a discretionary annual cash bonus with a target amount of not less than \$210,000 and annual grants of equity-based awards with a target value of not less than \$315,000. In addition, Ms. Kim will continue to receive allocations in respect of carried interests in respect of funds managed by us that were granted to her prior to the effective date of the employment agreement and will be eligible to be granted new allocations in respect of carried interests in respect of funds managed by us as is determined by the Board (or a committee thereof) from time to time in consultation with Ms. Kim. Ms. Kim will be eligible to participate in certain of our benefit plans made available to our senior executive officers from time to time and to receive certain of the perquisites that are applicable to our senior executive officers.

The agreement provides that if Ms. Kim's employment is terminated by us without "cause" (as defined in the agreement and including non-renewal of the employment agreement by us) or by Ms. Kim for "good reason" (as defined in the agreement and described below) and Ms. Kim executes a release of claims, she will be eligible to receive (i) a lump sum cash payment equal to the sum of her base salary and average annual bonus with respect to the three prior calendar years (or, if such termination of employment occurs prior to Ms. Kim receiving her annual bonus in respect of calendar year 2023, then her target annual bonus), (ii) a lump sum cash payment equal to the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, (iii) a pro-rated target bonus for the year of termination, (iv) full vesting of all equity-based awards of the company, carried interests and other like compensation that she holds, to the extent unvested upon her termination and, (v) continued medical, dental and vision benefits at active employee rates for 24 months following termination.

The agreement provides that if Ms. Kim provides notice to us of her intention not to renew the agreement upon the scheduled expiration of the initial term or any renewal term, then she will receive (i) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, and (ii) a pro-rated target bonus for the year of termination.

For purposes of the agreement, "good reason" includes, in summary, (i) a material diminution in Ms. Kim's duties, authority or responsibilities or a diminution in her title or position, (ii) a requirement that she report to any person other than our Chief Executive Officer or Chief Financial Officer (iii) a reduction in her base salary, target annual cash bonus or target annual equity incentive grant then in effect, (iv) a 25-mile relocation of her principal place of business, or (v) a material breach by us of the agreement or any other material agreement between Ms. Kim and us.

The agreement includes a provision providing that if any payments to be made to Ms. Kim, whether under the agreement or otherwise, would subject her to the excise tax on so-called "golden parachute payments" in accordance with Sections 280G or 4999 of the Code, then the payments will be reduced to the extent necessary to avoid the excise tax, but only if the amount of the payments after such reduction would result in Ms. Kim receiving a greater net after-tax benefit than if all of the payments were provided and the excise tax were imposed.

In addition, the agreement, through a restrictive covenant agreement that is included as an exhibit to the agreement, provides that Ms. Kim will not, subject to certain exceptions, compete with us, or solicit our investors or customers or employees or those of our subsidiaries during her employment with us and for the one-year period following the termination of her employment with us unless her employment is terminated by us without cause (as defined in the agreement and including non-renewal of the employment agreement by us) or by Ms. Kim for "good reason" (as defined in the agreement and described above). The agreement contains covenants relating to the treatment of confidential information and intellectual property matters and restrictions on the ability of Ms. Kim and us to disparage the other.

The foregoing description of the employment agreement does not purport to be complete and is qualified in its entirety by reference to such agreement, which is attached hereto as Exhibit 10.8, and is incorporated herein by reference.

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">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)</a>
3.2	<a href="#">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)</a>
3.3	<a href="#">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)</a>
10.1	<a href="#">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)</a>
10.2	<a href="#">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 (incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K filed on March 1, 2021)</a>
10.3	<a href="#">Third Amendment to Agreement of Purchase and Sale, dated March 11, 2021, among the CLNY Seller Entities (as named therein) and Silverplate Capital Partners LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 17, 2021)</a>
10.4†*	<a href="#">Separation Agreement, dated as of March 30, 2021, by and between Thomas J. Barrack, Jr. and Colony Capital, Inc.</a>
10.5*	<a href="#">Investment Agreement, dated as of March 30, 2021, by and among Barrack Colony Partners, LLC, Thomas J. Barrack, Jr., Colony Capital, Inc. and Colony OED Investments, LLC</a>
10.6†	<a href="#">Amended and Restated Employment Agreement, dated as of December 30, 2020, between Colony Capital, Inc. and Neale W. Redington (incorporated by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K filed on March 1, 2021)</a>
10.7†	<a href="#">Offer Letter, dated as of December 18, 2020, by and between Colony Capital, Inc. and Sonia Kim (incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K filed on March 1, 2021)</a>
10.8†*	<a href="#">Employment Agreement, dated as of May 5, 2021 between Colony Capital, Inc. and Sonia Kim</a>
31.1*	<a href="#">Certification of Marc C. Ganzl, 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</a>
31.2*	<a href="#">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</a>
32.1*	<a href="#">Certification of Marc C. Ganzl, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*	<a href="#">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</a>
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.





## SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the “Agreement”), dated as of March 30, 2021, is entered into by and between Thomas J. Barrack, Jr. (“Executive”) and Colony Capital, Inc. (f/k/a Colony Financial, Inc. “CLNY”, 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 December 23, 2014, as amended (the “Employment Agreement”).

1. SEPARATION DATE. Executive and the Employer each acknowledges and agrees that the termination of Executive’s employment with Employer, shall be effective as of April 1, 2021 (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 then holds as a director, officer or otherwise, with the Employer and its managed entities, except Executive shall not resign from his position as a member of the Board of Directors of CLNY. Executive agrees to execute any and all further documents necessary or appropriate to further memorialize any or all of such resignations.

2. SEVERANCE PAYMENTS AND BENEFITS. Executive and Employer acknowledge and agree that the payments and benefits set forth in this Agreement (the “Post-Termination Benefits”), are the sole payments and benefits payable to Executive in connection with his termination of employment. 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 2020 cash bonus was paid on March 3, 2021.

(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:

(i) A lump sum cash payment in the amount of \$21,411,978, payable on the first regularly scheduled payroll date following the occurrence of the Supplemental Release Condition;

(ii) The Pro-Rated Bonus: \$1,062,500, payable on the first regularly scheduled payroll date following the occurrence of the Supplemental Release Condition;

(iii) Continued coverage for Executive and Executive's eligible dependents for the remainder of Executive's life at the expense of the Company under medical, dental and vision programs of Employer that are the same or substantially similar to those programs in which Executive and Executive's eligible dependents participated immediately prior to the Separation Date (the "Group Health Benefits"); provided that (x) unless otherwise agreed by Executive, all such Group Health Benefits coverages shall be provided under insured plans or arrangements, and (y) if the Company determines in good faith that continuation of Group Health Benefits coverage (1) would adversely affect the tax status of the plan(s) pursuant to which the Group Health Benefits are provided or (2) result in taxability of benefits or penalties on the Company under applicable law (including without limitation, pursuant to Section 2716 of the Public Health Service Act, the Patient Protection and Affordable Care Act, or Section 4980D of the Code), then in either case the Company may cease providing continuation of the Group Health Benefits coverage and instead provide the Executive with monthly cash payments 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 cost of providing the continuing Group Health Benefits coverage referenced above;

(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 provided for in the Performance Awards, it being acknowledged and agreed by the Company that (1) any determination permitted or required to be made by the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company (the "Board") or the Board with respect to the Performance Awards (including the achievement or failure to achieve the performance goals or metrics provided for therein) (A) will not treat Executive less favorably than the other senior executive officers of the Company and (B) will not have the effect of amending or modifying the terms of any Performance Award if such amendment or modification would result in a reduction or delay in the vesting of the Performance Awards and (2) if the Compensation Committee or Board were to waive or modify the performance goals or metrics attributable to performance awards granted to other senior executive officers of the Company on dates on which the Performance Awards were granted to Executive that results in an increase or acceleration of the vesting of such other performance awards, such waiver or modification shall also apply to the Performance Awards granted to Executive. For clarification, and subject to the immediately preceding sentence, (1) vesting of the Performance Awards shall be solely based on achievement of the performance goals or metrics applicable thereto and shall not require continuation of employment or services to the Company and (2) vesting of the Time-Based Awards and the Performance Awards shall be final and not be subject to forfeiture, repurchase, so-called claw back rights or similar provisions. A schedule of all Time-Based Awards and Performance Awards is set forth in the chart included on Exhibit B hereto;

(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. In addition (A)

Executive shall be issued vested Fund Incentives (the “DCP II Fund Incentive”) with respect to Digital Colony Partners II, L.P., with a sharing percentage of 5%, provided, that such DCP II Fund Incentive shall be issued at the same time as such incentives are issued to other recipients in the ordinary course of business and (B) at the sole discretion of the CEO of the Company, Executive shall be eligible to be issued Fund Incentives in other Company products for which Executive has assisted in deal sourcing or fundraising. A schedule of Fund Incentives other than the DCP II Fund Incentive is set forth in the chart included on Exhibit B hereto; and

(vi) Executive is hereby released from any and all lock-up provisions on the Company shares (including the shares issued to Executive in March 2020, which Company shares were issued in lieu of Executive’s 2019 cash bonus) imposed on Executive or his Affiliates (other than Company policies applicable to Directors generally) .

### 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, (vii) the Post-Termination Benefits, and (viii) claims with respect to the breach of any covenant under the Tax Protection Agreement to which the Company and the Executive are parties.

(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. COVENANTS. At such time that Executive is not a member of the Board of Directors of CLNY, Executive shall be the Chairman Emeritus of CLNY, with compensation for such position to be consistent with the compensation of CLNY's independent directors.

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 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. 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, 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.

12. PUBLIC ANNOUNCEMENT. The Company shall consult with Executive prior to issuing any press release or any written public statement with respect to this Agreement or Executive's termination of employment and shall not issue any such press release or written public statement prior to review and approval by Executive, except that prior review and approval shall not be required if, in the reasonable judgment of the Company, prior review and approval would prevent the timely dissemination of such release or announcement in violation of any applicable Law.

13. MISCELLANEOUS. The provisions of this Agreement and the Supplemental Release are severable, and, if any part of this Agreement or the Supplemental Release is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Agreement and the Supplemental Release shall be governed by the substantive laws of the State of California without reference to its conflict of laws principles. This Agreement and the Supplemental Release set forth the entire agreement and understanding between the Employee and the Company. The Company has made no promises to the Employee other than those herein. Any dispute arising between the parties to this Agreement, including, but not limited to, any act which allegedly has or would violate any provisions of this Agreement or the Supplemental Release, and including, but not limited to, disputes pertaining to the formation, validity, interpretation, effect, or alleged breach of this Agreement or the Supplemental Release shall be submitted to mandatory and binding arbitration pursuant to the procedures set forth in the Employment Agreement.

*[remainder of page intentionally left blank]*

EXECUTIVE

/s/ Thomas J. Barrack

Thomas J. Barrack, Jr.

COLONY CAPITAL, INC.

/s/ Ronald M. Sanders

Name: Ronald M. Sanders

Title: Executive Vice President

*[Signature Page to Separation and Release Agreement]*



## Annex A

### Supplemental Release

This Supplemental Release is entered into by and between Thomas J. Barrack, Jr. ("Executive") and Colony Capital, Inc. (f/k/a Colony Financial, Inc. "CLNY", 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 March 30, 2021, 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; (vii) the Post-Termination Benefits, and (viii) claims with respect to the breach of any covenant under the Tax Protection Agreement or Investment Agreement to which the Company and the Executive are parties.

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 other than the Post-Termination Payments.

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.

8. Certain Covenants. The Company acknowledges and agrees that nothing in the Release, the Restrictive Covenant Agreement, Supplemental Release or otherwise shall prohibit or impede Employee 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, Employee 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.

9. Miscellaneous. The provisions of this Supplemental Release are severable, and, if any part of this Supplemental Release is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Supplemental Release shall be governed by the substantive laws of the State of California without reference to its conflict of laws principles. This Supplemental Release, along with the Separation Agreement, sets forth the entire agreement and understanding between the Employee and the Company with respect to the subject matter hereof and thereof. The Company has made no promises to the Employee other than those herein or in the Separation Agreement. Any dispute arising between the parties to this Supplemental Release, including, but not limited to, any act which allegedly has or would violate any provisions of this Supplemental Release, and including, but not limited to, disputes pertaining to the formation, validity, interpretation, effect, or alleged breach of this Supplemental Release shall be submitted to mandatory and binding arbitration pursuant to the procedures set forth in the Employment Agreement.

*[remainder of page intentionally left blank]*

EXECUTIVE

COLONY CAPITAL, INC.

---

Thomas J. Barrack, Jr.

Date:

---

Name:

Title:

Date:

*[Signature Page to Supplemental Release Agreement]*

**Annex B**

**Equity Awards and Fund Incentives**

[Attached]

**INVESTMENT AGREEMENT**

**by and among**

**BARRACK COLONY PARTNERS, LLC**

**THOMAS J. BARRACK, JR.**

**COLONY CAPITAL, INC.**

**and**

**COLONY OED INVESTMENTS, LLC**

**March 30, 2021**

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## INVESTMENT AGREEMENT

This INVESTMENT AGREEMENT (this “*Agreement*”) is entered into as of March 30, 2021, by and among Barrack Colony Partners, LLC, a Delaware limited liability company, (the “*Company*”), Thomas J. Barrack, Jr. (“*Barrack*”), Colony OED Investments, LLC, a Delaware limited liability company (“*Colony Investor*”) and Colony Capital, Inc., a Maryland corporation (“*Colony Capital*”).

### ARTICLE 1 DEFINITIONS; INTERPRETATION

1.1 Definitions. As used in this Agreement, the following terms have the following meanings:

“*AAA Rules*” has the meaning provided for in Section 6.5.

“*Acquired Interests*” has the meaning provided for in Section 2.1.

“*Affiliate*” means, with respect to any Person, any other Person that, directly or indirectly, Controls, is Controlled by, or is under common Control with such first Person.

“*Agreement*” has the meaning provided for in the preamble to this Agreement.

“*Applicable Period*” means a period commencing on the Closing Date and ending on the later to occur of (a) the third anniversary of the Closing Date and (b) that date on which Barrack is no longer a director of Colony Capital.

“*Barrack*” has the meaning provided for in the preamble to this Agreement.

“*Board*” has the meaning provided for in Section 5.2.

“*Business Day*” means a day, other than a Saturday or Sunday, on which commercial banks in New York, New York are open for the general transaction of business.

“*Closing*” has the meaning provided for in Section 2.2.

“*Closing Date*” has the meaning provided for in Section 2.2.

“*Colony Capital*” has the meaning provided for in the preamble to this Agreement.

“*Colony Covered Person*” has the meaning provided for in Section 5.3(d).

“*Colony Investor*” has the meaning provided for in the preamble to this Agreement.

“*Company*” has the meaning provided for in the preamble to this Agreement

“*Company Managing Member*” means TJB Manager, LLC, a Delaware limited liability company.

**“Company Operating Agreement”** means that certain Amended and Restated Limited Liability Company Agreement, to be dated as of the Closing Date, by and among the Company, the Company Managing Member, in its capacity as managing member, the Company Managing Member, in its capacity as a Class A Member, and Colony Investor, in its capacity as a Class B Member.

**“Control,” “Controlled by,”** and **“under common Control with”** as used with respect to any Person, mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

**“Digital Colony Business”** means (a) investment in assets or businesses constituting Digital Infrastructure or (b) the sponsorship and provision of investment management, investment advisory or other similar services to investment entities, funds, accounts or other vehicles that invest in Digital Infrastructure; provided, that, for purposes of clarification, the Digital Colony Business shall not include debt or equity investments in operating companies primarily engaged in businesses outside of the Digital Infrastructure industry even though such businesses may own or lease Digital Infrastructure assets.

**“Digital Infrastructure”** means mobile and internet infrastructure, including spectrum, data centers, macro cell towers, fiber networks, small cell networks, digital billboards, indoor CBRS infrastructure, satellites, subsea cables, artificial intelligence and new technology energy sources linked to the transmission or powering of data and/or intelligence, resilience or latency of digital networks, cybersecurity, big data analytics, and software that powers the “internet of things” and other related assets or businesses.

**“Director Slate”** has the meaning provided for in [Section 5.2](#).

**“Dispute”** has the meaning provided for in [Section 6.5](#).

**“Enforceability Exceptions”** means, except to the extent enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally and the exercise of judicial discretion in accordance with general equitable principles.

**“Equity Securities”** means, with respect to any Person, (a) any capital stock, partnership or membership interest, unit of participation or other similar interest (howsoever designated) in such Person and (b) any option, warrant, purchase right, conversion right, exchange right or other Contract which would entitle any other Person to acquire any such interest in such Person or otherwise entitle any other Person to share in the equity, profits, earnings, losses or gains of such Person (including stock appreciation, phantom stock, profit participation or other similar rights).

**“Funds”** has the meaning provided for in [Section 5.3\(d\)](#).

**“Permitted Activities”** means:

(a) personal investment activities and personal real estate-related activities on behalf of Barrack and his family;

(b) owning, directly or indirectly, solely as a passive investment, securities of any Person which are traded on any national securities exchange or NASDAQ if Barrack (A) does not Control, and is not a member of a group which Controls, such Person; and (B) does not, directly or indirectly, own five percent (5%) or more of any class of Equity Securities of such Person;

(c) making passive investments in private equity funds, mutual funds, hedge funds and other managed accounts (provided that such funds or accounts do not have a primary investment strategy, as set forth in the applicable fund's or account's published statement of its primary investment strategy, of investments in Digital Infrastructure;

(d) making any passive investment (or group of related passive investments) of less than \$20 million in private equity funds, mutual funds, hedge funds and other managed accounts that have a primary investment strategy, as set forth in the applicable fund's or account's published statement of its primary investment strategy, of investments in Digital Infrastructure; and

(e) making investments in private companies that are (i) not engaged in the Digital Infrastructure industries, and (ii) do not predominantly make investments in Digital Infrastructure equal to the lesser of (x) 5% of the outstanding equity securities of such private company and (y) \$30 million per company or group of affiliated companies operating as part of one business.

**“Non-Compete Breach”** has the meaning provided for in Section 5.2.

**“Person”** means any individual, partnership, joint venture, corporation, trust, unincorporated organization, limited liability company, Governmental Authority, and any other entity.

**“Purchase Price”** has the meaning provided for in Section 2.1.

**“Related Entities”** has the meaning provided for in Section 5.3(d).

**“Release”** has the meaning provided for in Section 5.1(c).

**“Restricted Business”** any business that is included within the Digital Colony Business.

**“Restrictive Covenant Agreement”** means that certain Restrictive Covenant Agreement, dated as of December 23, 2014, as amended through the date hereof by and between Colony Capital (formerly known as Colony Financial, Inc. and Colony Northstar, Inc.) and Barrack.

**“Separation Agreement”** means that certain Separation Agreement, dated as of [●], 2021, by and between Barrack and Colony Capital, as amended, restated, amended and restated, supplemented or otherwise modified as provided for therein.

“**Supplemental Release Condition**” has the meaning provided for in the Separation Agreement.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Track Record**” has the meaning provided for in Section 5.3(d).

## ARTICLE 2 PURCHASE AND SALE

- 2.1 Purchase and Sale. Colony Investor agrees to purchase from the Company, and the Company agrees to sell to Colony Investor, [●] Class B Units in the Company (the “**Acquired Interests**”) for an aggregate purchase price of twenty six million dollars (\$26,000,000) (the “**Purchase Price**”).
- 2.2 Closing and Payments at the Closing. The closing of the purchase and sale of the Acquired Interests (the “**Closing**”) shall occur on the Business Day immediately following the occurrence of the Supplemental Release Condition (the “**Closing Date**”). At the Closing, (a) the Company, the Company Managing Member and Colony Investor shall execute and deliver to one another the Company Operating Agreement in the form attached as Exhibit A, (b) Colony Investor shall pay the Purchase Price to the Company by wire transfer of immediately available funds to an account designated by the Company and (c) the Company shall record on its books and records the issuance of the Acquired Interests in the name of Colony Investor.

## ARTICLE 3 REPRESENTATIONS AND WARRANTIES BY THE COMPANY

The Company hereby represents and warrants to Colony Investor that the statements set forth in this Article 3 are true, correct, and complete as of the date hereof and as of the Closing Date (except to the extent that a representation and warranty is expressly stated in this Article 3 to be given as of a particular date, in which case, such representation and warranty shall be given solely as of such date):

### 3.1 Organization.

(a) The Company is a limited liability company, and is duly formed, validly existing, and in good standing under the laws of the State of Delaware and is qualified or registered to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of its business or operations would require such qualification or registration, except where the failure to be so registered or qualified would not reasonably be expected to cause a material adverse effect. The Company has all requisite limited liability company and legal power and authority to own, operate and lease its properties and carry on its business as currently conducted. The

principal executive office of the Company is located at 535 East Hyman Avenue, Suite 201, Aspen, Colorado 81611.

(b) The Company does not directly or indirectly own or have any interest in any Equity Securities of any Person. The Company has not engaged in any business, or incurred any obligations or liabilities, since the date of its formation other than entering into this Agreement and the Company Operating Agreement and incurring the costs and expenses associated therewith.

### 3.2 Authorization; Capitalization.

(a) The Company has all requisite limited liability company power and authority to execute and deliver this Agreement and the Company Operating Agreement and to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the Company Operating Agreement in accordance with the terms hereof and thereof. This Agreement has been duly authorized, executed and delivered by the Company as of the date hereof and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms and conditions, except to the extent enforceability may be limited by the Enforceability Exceptions.

(b) As of the Closing Date, the Company Operating Agreement has been duly authorized, executed and delivered by the Company and the Company Managing Member and constitutes the legal, valid and binding obligation of the Company and the Company Managing Member enforceable against the Company and the Company Managing Member in accordance with its terms and conditions, except to the extent enforceability may be limited by the Enforceability Exceptions.

(c) Immediately following the completion of the transactions contemplated herein, the Company Managing Member will be the sole Class A Member of the Company and Colony Investor will be the sole Class B Member of the Company. At such time, there are no Class C Members.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF COLONY INVESTOR**

Colony Investor represents and warrants to the Company and Barrack that the statements contained in this Article 4 are true, correct, and complete as of the date hereof and as of the Closing Date (except to the extent that a representation and warranty is expressly stated in this Article 3 to be given as of a particular date, in which case, such representation and warranty shall be given solely as of such date):

4.1 Organization. Colony Investor is a limited liability company duly formed, validly existing, and in good standing under the laws of the State of Delaware and is qualified or registered to do business in each jurisdiction in which the nature of its business or operations would require such qualification or registration, except where the failure to be

so qualified or registered would not reasonably be expected to cause a material adverse effect. Colony Investor is wholly owned, directly or indirectly, by Colony Capital Operating Company, LLC, a Delaware limited liability company.

- 4.2 Necessary Authority. Colony Investor has the requisite limited liability company power and authority to execute and deliver this Agreement and the Company Operating Agreement, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated by this Agreement and the Company Operating Agreement in accordance with the terms hereof and thereof. This Agreement has been duly authorized, executed and delivered by Colony Investor as of the date hereof and constitutes the legal, valid and binding obligation of Colony Investor enforceable against Colony Investor in accordance with its terms and conditions, except to the extent enforceability may be limited by the Enforceability Exceptions. As of the Closing Date, the Company Operating Agreement has been duly authorized, executed and delivered by Colony Investor and constitutes the legal, valid and binding obligation of Colony Investor enforceable against Colony Investor in accordance with its terms and conditions, except to the extent enforceability may be limited by the Enforceability Exceptions.
- 4.3 Investment Intent. Colony Investor is acquiring the Acquired Interests for its own account and not with a view to any resale or distribution within the meaning of Section 2(11) of the Securities Act.

## ARTICLE 5 COVENANTS OF THE PARTIES

### 5.1 Restricted Covenants .

(a) Colony Capital and Barrack hereby agree that (a) Sections 2, 3 and 4 of the Restrictive Covenant Agreement (and the defined terms solely used therein) shall terminate and no longer be effective as of April 1, 2021 and (b) the remaining provisions of the Restrictive Covenant Agreement shall survive the termination of Barrack's employment with Colony Capital in accordance with their respective terms; provided, that, (i) for purposes of clarification, Company Materials (as defined in the Restrictive Covenant Agreement) do not include any Materials (as defined in the Restrictive Covenant Agreement) that Barrack makes or conceives, solely or jointly, after April 1, 2021 and (ii) Section 8 of the Restrictive Covenant Agreement shall survive only with respect to Sections 5 through 7 thereunder except both Colony Capital and Barrack shall be entitled to seek injunctive relief pursuant to such Section with respect to a breach of threatened breach of Section 6 of the Restrictive Covenant Agreement.

(b) Barrack shall not, during the period commencing on the date hereof and ending on the later to occur of (x) the third anniversary of the Closing Date and (y) that date on which Barrack is longer a director of Colony Capital, directly or indirectly, in any manner: (i) engage in the Restricted Business (other than through Colony Capital and its Affiliates); (ii) render any services as an employee, officer, director or consultant to any Person (other than Colony Capital and its Affiliates) engaged in the Restricted Business;

or (iii) make an investment in a Person engaged in the Restricted Business as a partner, shareholder, principal, member or other owner of Equity Securities; provided, however, nothing contained in this Agreement shall restrict Barrack from (x) engaging in any activity that he determines in good faith is in furtherance of the interests of Colony Capital in the performance of his duties for Colony Capital and/or (y) engaging in any Permitted Activity. In addition, nothing herein shall prohibit Barrack from providing services to an entity engaged in the Restricted Business if Barrack's services are solely limited to a unit, division, or subsidiary of such entity which does not engage in the Restricted Business and Barrack does not provide services directly or indirectly to, or with respect to, the Restricted Business. The parties agree that the remedy at law for any breach of this Section 5.1(b) is and will be inadequate, and in the event of a breach or threatened breach by Barrack of the provisions of this Section 5.1(b), Colony Capital shall be entitled to an injunction restraining Barrack from the conduct which would constitute a breach of this Section 5.1(b). Nothing herein contained shall be construed as prohibiting Colony Capital from pursuing any other remedies available to it for such breach or threatened breach, including, without limitation, specific performance and/or the recovery of damages from Barrack.

5.2 Nomination as a Director of Colony Capital. Colony Capital agrees, to the fullest extent permitted by applicable law, to take all necessary actions (subject to any applicable stock exchange or listing requirements) to include Barrack in the slate of nominees recommended by the Board of Directors of Colony Capital (the "**Board**") for election at any meeting of stockholders called for the purpose of electing directors (the "**Director Slate**") during the period commencing on April 1, 2021 and ending on the third anniversary of the Closing Date. As a condition to Barrack's appointment to the Board, Barrack agrees to provide to Colony Capital, prior to nomination and appointment and on an on-going basis while serving as a member of the Board, such information and materials as Colony Capital routinely receives from other members of the Board or as is required to be disclosed in proxy statements under applicable law or as is otherwise reasonably requested by Colony Capital from time-to-time from all members of the Board in connection with Colony Capital's legal, regulatory, auditor or stock exchange requirements, including a completed D&O Questionnaire. During his service as a Director of the Company, the Company shall pay or reimburse Barrack for all reasonable out-of-pocket expenses that Barrack incurs in connection with his services as a director (or otherwise at the request of the Chief Executive Officer of Colony Capital), in each case, to the extent permitted by and in accordance with the generally applicable policies and procedures of the Company applicable to Colony Capital's directors as are in effect from time to time. Any provision in this Agreement to the contrary notwithstanding, if (x) Barrack resigns from the Board, (y) Barrack is removed from the Board prior to the expiration of his term or (z) Barrack violates Section 5.1(b) and fails to cure and cease such violation within 60 days (which shall be extended to 90 days in the case of a violation that is susceptible to cure and such cure is being pursued in good faith by Barrack) after the date on which Colony Capital gives written notice to Barrack of such violation (a "**Non-Compete Breach**"), then this Section 5.2 shall automatically terminate and be of no further force or effect. At such time that Barrack is not a member of the



Board, Barrack shall be the Chairman Emeritus of Colony Capital, in which capacity he will be invited to attend all board meetings (but not entitled to a vote) and shall receive compensation for such position to be consistent with the compensation of Colony Capital's independent directors.

5.3 Use of Colony Offices and Support Services. For so long as a Non-Compete Breach has not occurred:

(a) During the Applicable Period, Colony Capital shall provide the Company with (i) use of an executive office for Barrack and adequate working space for an analyst and an assistant in the Company's office located at 535 East Hyman Avenue, Suite 201, Aspen, Colorado 81611 (or a similar office space at another location in Aspen, Colorado approved by the Company and Colony Capital), which will serve as the principal executive offices of the Company, at no cost to the Company or Barrack, (ii) working space in all offices maintained by Colony Capital throughout the world for use by Company personnel (including an executive office for Barrack) when visiting in the region in furtherance of the business of the Company or Colony Capital, at no cost to the Company or Barrack and (iii) the reasonably requested services of the Colony Capital personnel in Colony Capital's offices located in Luxembourg; provided, that (i) the Company will reimburse Colony for the actual cost of such services and (ii) such services do not disrupt the business conducted by such personnel on behalf of Colony Capital. The Company and Colony Capital agree to use their good faith efforts to agree upon a framework for the computing the reimbursable cost of the services provided by Colony Capital pursuant to the immediately preceding sentence.

(b) Until Barrack ceases to be a director of Colony Capital, Barrack and Jessica Gibbs will have continued access to their current Colony Capital phone numbers.

(c) During the Applicable Period, upon Barrack's reasonable request therefor, Colony Capital will provide Barrack with, and Barrack shall be entitled to use, the names and contact information of historical investors in funds or accounts established, managed or advised by Colony Capital or its Affiliates as of April 1, 2020.

(d) Until December 31, 2021, Barrack and Jessica Gibbs will have continued access and use of their current Colony Capital email addresses.

(e) Colony Capital hereby grants to the Company and Barrack an irrevocable, non-exclusive, non-transferrable license, to use the track record and performance data of Colony Capital and any funds or accounts that are established, managed or advised by Colony Capital or its Affiliates, in each case, excluding any track record and performance data related to the Digital Colony Business (the "**Track Record**") for all lawful purposes and in accordance with all applicable laws, rules and regulations, including recruiting employees and consultants, making industry presentations and soliciting investors in any Fund Investment (as that term is defined in the Company Operating Agreement) or any other pooled investment vehicle, segregated account or other investment vehicle formed by the Company or by Barrack or any of their respective Affiliates or managed entities

(collectively, the “**Related Entities**”). Colony Capital agrees to share with the Company and Barrack reasonable information, backup, trade records, financial statements and calculations to verify the Track Record as are reasonably requested by the Company or Barrack. None of Colony Capital, its Affiliates or any of their respective partners, members, managers, equityholders, directors, officers, employees, agents or representatives (collective, “**Colony Covered Persons**”) shall be liable to the Company, the Company Managing Member, Barrack, any of their respective Affiliates or any partners, members, managers, equityholders, directors, officers, employees, agents or representatives of the foregoing, for any use or disclosure by any of them of the Track Record and the Company shall indemnify and hold the Colony Covered Persons harmless from any and all costs, expenses, obligations and liabilities they may incur solely as a result of the Company’s or Barrack’s use or disclosure of the Track Record.

- 5.4 Exclusivity. Barrack and the Company agree that, until such time that Colony Investor has received aggregate distributions from the Company in an amount equal to the Purchase Price, (a) the Company shall be the exclusive vehicle through which Barrack or his Affiliates, directly or indirectly, sponsors, manages, advises or sub-advises commingled investment vehicles or accounts (including, without limitation, any special purpose acquisition company) and in which he or his Controlled Affiliates are entitled to any carried interest, promote, incentive fee, performance allocation or other profit participation interest (including, without limitation, any sponsor equity, private placement units or similar interest received as sponsor of any special purpose acquisition company but excluding any other equity interest received by Barrack or his Affiliates in respect of capital contributions made in respect of such debt or equity investments) and (b) notwithstanding anything to the contrary in the Company Operating Agreement, for so long as Barrack continues to actively work in the investment management industry, Barrack shall Control the Company Managing Member and exercise discretionary judgment over all investment management decisions on behalf of the Company; provided, however, that nothing in this clause (b) shall limit Barrack’s ability to (x) transfer or assign any direct or indirect interest in the Company or the Company Managing Member so long as such transfer or assignment is not in breach of the Company Operating Agreement or (y) retire or cease working in the investment management business.
- 5.5 Tag-Along Rights. Barrack agrees to be bound by and to comply with (and to cause his Affiliates, Barrack Permitted Transferee (as defined in the Company Operating Agreement) and the Company Managing Member to comply with) Section 7.6 of the Company Operating Agreement, which Section is hereby incorporated into this Agreement by this reference *mutatis mutandis* as though more fully set forth herein.

## ARTICLE 6 GENERAL PROVISIONS

6.1 Amendment; Assignability. This Agreement may be amended only by the execution and delivery of a written instrument by or on behalf of the Company, Colony Capital and Barrack. None of the Company or Barrack, on the one hand, or Colony Investor or Colony Capital, on the other hand, may transfer or assign their respective rights or obligations under this Agreement to any Person without other group's prior written consent; provided, that without any party's consent, Colony Capital may transfer or assign its rights and obligations under this Agreement (a) to any of its Affiliates or (b) to any third parties as part of a sale of Colony Capital (whether by merger, recapitalization or otherwise) or a sale of all or a substantial portion of Colony Capital's assets. This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective successors and permitted assigns.

6.2 Governing law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to the conflicts of law principles thereof.

6.3 Consent to Jurisdiction. To the fullest extent permitted by law, each party hereto hereby irrevocably consents and agrees, for the benefit of each party, that any legal action, suit or proceeding against it with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement, and with respect to the enforcement, modification, vacation or correction of an award rendered in an arbitration proceeding, shall be brought in any city, state or federal court located in the Borough of Manhattan, The City of New York (a "**New York Court**"), and hereby irrevocably accepts and submits to the exclusive jurisdiction of each such New York Court with respect to any such action, suit or proceeding. Each party hereto also hereby irrevocably consents and agrees, for the benefit of each other party, that any legal action, suit or proceeding against it shall be brought in any New York Court, and hereby irrevocably accepts and submits to the exclusive jurisdiction of each such New York Court with respect to any such action, suit or proceeding. Each party hereto waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings brought in any such New York Court and hereby further waives and agrees not to plead or claim in any such New York Court that any such action, suit or proceeding brought therein has been brought in an inconvenient forum, provided that nothing in this Section 6.3 shall be construed to waive any objection that any legal proceedings should be stayed or dismissed in favor of arbitration as provided by Section 6.4.

6.4 Arbitration. Any dispute, controversy or claim arising out of or relating to any provision of this Agreement whether based on contract, tort, statute or other legal or equitable theory (including without limitation, any claim of fraud, intentional misconduct, misrepresentation or fraudulent inducement or any question of validity or effect of this Agreement including this clause) or the breach or termination hereof (the "**Dispute**") that cannot be mutually resolved by the parties hereto shall be settled exclusively by arbitration in New York, New York (or such other place as may be agreed upon at the time by the parties to the arbitration), 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 (provided that any arbitrator selected by the American Arbitration Association shall not, without the consent of the parties involved in the dispute or

controversy, be affiliated with such parties). The commercial arbitration rules of the American Arbitration Association (the “**AAA Rules**”) shall govern any arbitration between the parties, except that the following provision is included in the parties’ agreement to arbitrate and override any contrary provisions in the AAA Rules:

(a) The arbitration shall be confidential. Judgment may be entered on the arbitrators’ award in any court having jurisdiction.

The arbitrator 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 been argued before a court with competent jurisdiction.

6.4 Binding Agreement; Severability. This Agreement and all terms, provisions and conditions hereof shall be binding upon the parties hereto, and shall inure to the benefit of the parties hereto and, except as otherwise provided herein, to their respective heirs, executors, personal representatives, successors and lawful assigns. Each provision of this Agreement shall be considered separate and, if for any reason, any provision or provisions not essential to the effectuation of the basic purposes of this Agreement is or are determined to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not impair the operation of or affect those provisions of this Agreement which are otherwise valid. To the extent legally permissible, the parties shall substitute for the invalid, illegal or unenforceable provision a provision with a substantially similar economic effect and intent.

6.5 Entire Agreement. This Agreement contains the entire understanding among the parties hereto and supersedes all prior written or oral agreements among them respecting the within subject matter, unless otherwise provided herein.

6.6 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart.

[Signature pages follow.]

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first written above.

BARRACK COLONY PARTNERS, LLC

By: /s/ Thomas J. Barrack, Jr

Name: Thomas J. Barrack, Jr.

Title: Managing Member of TJB Manager, LLC (Manager of Barrack Colony Partners, LLC)

THOMAS J. BARRACK, JR.

By: /s/ Thomas J. Barrack, Jr.

COLONY CAPITAL, INC.

By: /s/ Ronald M. Sanders

Name: Ronald M. Sanders

Title: Executive Vice President

COLONY OED INVESTMENTS, LLC

By: /s/ Ronald M. Sanders

Name: Ronald M. Sanders

Title: Vice President

**EXHIBIT A**  
**TO**  
**INVESTMENT AGREEMENT**  
**COMPANY OPERATING AGREEMENT**

[Please see attached.]

## EMPLOYMENT AGREEMENT

**THIS EMPLOYMENT AGREEMENT** (this “Agreement”), dated as of May 5, 2021, is made by and between Colony Capital, Inc., a Maryland corporation (“CLNY”), and Sonia Kim (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

**WHEREAS**, CLNY desires to enter into this Agreement with the Executive, 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 Accounting Officer of CLNY.

**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 the first anniversary of the Effective Date (the “Initial Term”); provided, however, that on the first anniversary of the Effective Date and on each subsequent anniversary thereof, the term of this Agreement shall automatically be extended for an additional one-year period (each a “Renewal Term”) unless, not later than 180 days prior to the expiration of the Initial Term or the then current Renewal Term, as applicable, either party provides written notice to the other party hereto that such extension shall not take effect (a “Non-Renewal Notice”). The period during which the Executive is employed by the Company during the Initial Term and any Renewal 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 Accounting Officer of CLNY. The Executive shall report directly to the Chief Financial Officer of the Company during the Employment Term or, if otherwise determined by the Board of Directors of CLNY (the “Board”), the Chief Executive Officer or President of CLNY (the “Executive Chairman”).
  - (b) **Duties and Responsibilities.**
    - (i) During the Employment Term, the Executive shall devote her full business time (excepting vacation time, holidays, sick days and periods of disability) and attention to the performance of her duties hereunder, shall faithfully serve the Company and shall have no other employment which is undisclosed to the Company or which conflicts with her 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 herself and her 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 her capacity as the Managing Director, Chief Accounting Officer of CLNY during the Employment Term, the Executive shall (A) perform such duties and provide such services as are consistent with her role as Managing Director, Chief Accounting Officer of CLNY, as reasonably requested from time to time by the Board or the Chief Financial Officer.

(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; provided, that, the Executive may be required to engage in travel during the Employment Term in the performance of her 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 Board (or a committee of directors delegated by the Board) 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 Board (or a committee of directors delegated by the Board) of the Executive’s performance in respect of the applicable calendar year; provided, that, the Board or such committee 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 determined by the Board or such committee 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



\$210,000 (such amount, as increased from time to time, the “Target Bonus Amount”). If the Board (or a committee of directors delegated by the Board), 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 Board (or a committee of directors delegated by the Board) 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 her 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 \$315,000 (the target amount in effect from time to time, the “Target LTIP Award”). The Board (or a committee of directors delegated by the Board) 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 Board (or a committee of directors delegated by the Board) 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 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, 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.

(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 her employment during the Employment Term or her 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 date of this Agreement. 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 her 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, the Executive shall only be entitled to receive the Accrued Benefits.

(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 her duties to the Company (other than by reason of her 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 her. 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 her not in good faith and without reasonable belief that her 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 or by the Executive for Good Reason, the Company shall pay or provide to the Executive (A) the Accrued Benefits and (B) following 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 (the date on which the Release becomes effective, the "Release Effective Date"):

(A) A lump sum cash payment equal to 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 the date on which the Annual Bonus, if any, is paid to the Executive in respect of the second calendar year following the calendar year in which the Effective Date occurs (the "Third Annual Bonus"), the average Annual Bonus paid in respect of each of the three calendar years prior to the date of termination or (y) if such termination occurs prior to the date on which the Third Annual Bonus, if any, is paid, 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 (the actual date of payment, the "Severance Payment Date");

(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 her 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 or the Chief Executive Officer; (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 her 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 her 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 her 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) Non-Renewal of Agreement.

(i) If the Company gives a Non-Renewal Notice to the Executive, the Employment Term and the Executive's employment hereunder shall terminate as of the expiration of the Initial Term or then-current Renewal Term, as applicable, and the Company shall provide the Executive with all of the payments and benefits set forth in Section 4(c) hereof, subject to her execution and non-revocation of the Release by the Release Effective Date.

(ii) If the Executive gives a Non-Renewal Notice to the Company, the Employment Term and the Executive's employment hereunder shall terminate as of the expiration of the Initial Term or then-current Renewal Term, as applicable, and the Company shall provide the Executive with (A) the Accrued Benefits, (B) any Unpaid Bonus in respect of the calendar year prior to the calendar year in which the termination occurs and (C) the Pro Rated Bonus in respect of the calendar year in which the termination occurs.

(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 her calendar and her contacts and investor lists, all compensation-related plans and agreements, any documents reasonably needed for personal tax purposes and her personal notes, journals, diaries and correspondence (including personal emails). In addition, the Executive shall be able to retain her mobile phone(s) and personal computer(s) and her 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 or of any affiliate of the Company or any entity managed by the Company or its affiliates. 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 is entering into the Restrictive Covenant Agreement, substantially in the form attached as Exhibit B hereto (the "Restrictive Covenant Agreement"), as of the date hereof. The Restrictive Covenant Agreement shall

become effective as of the Effective Date and shall continue in effect at all applicable times following the Effective Date 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 other than to a successor of CLNY or a substantial part of CLNY’s business or assets (whether direct or indirect, by purchase,



merger, consolidation, or otherwise), and CLNY will require any such successor 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. For the avoidance of doubt, an assignment of this Agreement by CLNY that is permitted by the immediately preceding sentence shall not be deemed a termination without Cause or give rise to Good Reason.

8. MISCELLANEOUS PROVISIONS.

(a) No Breach of Obligation to Others. The Executive represents and warrants that her entering into this Agreement does not, and that her 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 any and all prior understandings, agreements, offer letters 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 her prior employment, (ii) any interest the Executive or any of her affiliates may have in any general partner of any fund or related entity managed by the Company, (iii) the Indemnification Agreement referenced in Section 3(g) of this Agreement to which the Executive or any of her affiliates is a party or beneficiary and (iv) 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.

750 Park of Commerce Drive, Suite 210  
Boca Raton, FL 33487  
Attention: Chief Financial Officer

Director, Legal

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 8(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 her own legal interests or the legal interests of her employer or partners or business ventures. In the event the Executive reasonably determines that she needs separate legal counsel in connection with her 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.

By: /s/ Jacky Wu Name: Jacky Wu  
Title: EVP and Chief Financial Officer

EXECUTIVE

/s/ Sonia Kim  
Sonia Kim

(Signature Page to Sonia Kim Employment Agreement)

**Schedule 1**

**Current Activities**

None

## **Exhibit A**

### **Form of Release**

Sonia Kim (“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 she 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)] / [4(e)(i)] of her Employment Agreement with CLNY, dated \_\_\_\_\_, 2021 (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 her separation from Employer was effective as of \_\_\_\_\_, 20XX ( the “Separation Date”).
2. WAGES FULLY PAID. Executive acknowledges and agrees that she 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)] / [4(e)(i)] 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 herself and her 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 her behalf or for her 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, she 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 she 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 she 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, she assumes and waives the risks that the facts and the law may be other than she believes and that, after signing this Release, she may discover losses or claims that are released under this Release, but that are presently unknown to her, and she 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 she is waiving and releasing any rights she 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) she has been



advised in writing to consult with an attorney of her choice prior to signing this Release; (iii) she 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) she has read and fully understands this Release and has had the opportunity to discuss it with an attorney of her choice; (v) to the extent that Executive takes less than twenty-one (21) days to consider this Release prior to execution, she acknowledges that she had sufficient time to consider this Release with counsel and that she expressly, voluntarily and knowingly waives any additional time; and (vi) Executive is aware of her right to revoke this Release at any time within the seven (7)-day period following the date on which she executes this Release. Executive further understands that she shall relinquish any right she has to Post-Termination Benefits described in the Employment Agreement if she exercises her 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 she 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 she has made no assignment of any right or interest in any claim which she may have against any of the Employer Released Parties.

6. **ADVICE OF COUNSEL.** Executive acknowledges: (a) that she has been advised to consult with an attorney regarding this Release; (b) that she has, in fact, consulted with an attorney regarding this Release; (c) that she has carefully read and understands all of the provisions of this Release; and (d) that she 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 her signature, Sonia Kim hereby knowingly and voluntarily executes this Release as of the date indicated below.

Sonia Kim

Dated: \_\_

*[Signature page to Sonia Kim Release]*

**Exhibit B**

Form of Restrictive Covenant Agreement Attached hereto.

## RESTRICTIVE COVENANT AGREEMENT

**THIS RESTRICTIVE COVENANT AGREEMENT** (this “Agreement”), dated as of May 5, 2021, and effective as of the Effective Date (as defined below), is made by and between Colony Capital, Inc., a Maryland corporation (“CLNY”), and Sonia Kim (“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. Any capitalized term that is used but not otherwise defined in this Agreement shall have the meaning set forth in the Employment Agreement (as defined below).

**WHEREAS**, Executive has on the date hereof entered into an Employment Agreement with CLNY (the “Employment Agreement”), which is 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 initially serve as Managing Director, Chief Accounting Officer of CLNY;

**WHEREAS**, the Company desires to protect its investment in its assets, businesses and goodwill and, accordingly, as a material condition to its willingness to enter into the Employment Agreement, has required that Executive agree to limit certain activities by Executive (as contemplated hereby) that would compete with or otherwise harm such assets, businesses or goodwill;

**WHEREAS**, as part of the consideration and inducement to CLNY to enter into the Employment Agreement, Executive is willing to agree to enter into this Agreement and abide by such restrictions; and

**WHEREAS**, the parties intend this Agreement to be in compliance with, and further intend for it to be fully enforceable under, any applicable Law.

**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. **Defined Terms.** For purposes of this Agreement, the following terms have the respective meanings set forth below:

(a) “**Business**” means (x) the business of acquiring, originating and managing (i) real estate related debt and equity investments and (ii) debt and equity investments focused on the intersection points of technology and hard assets (the “**Digital Realty Sector**”); **provided, that**, for purposes of clarification, the Business shall not include debt or equity investments in operating companies primarily engaged in businesses outside of the real estate or hospitality industries or the Digital Realty Sector even though such businesses may own or lease real property and (y) any alternative asset management business in which more than 25% of the total capital committed is third party capital from passive investors (which term shall exclude natural persons who are partners or employees of the business and are actively engaged in the management of the business) and that advises, manages or invests the assets of funds or related investment vehicles or separate accounts.

(b) “Company Materials” means all Materials that Executive makes or conceives, or has made or conceived, solely or jointly, during the period of Executive’s retention by or employment with the Company, whether or not patentable or registerable under copyright, trademark or similar statutes, which (i) are related to the current or demonstrably (by expenditure of material resources or material time spent by senior management) anticipated business or activities of the Company (which includes any fund managed by the Company during or prior to the period of Executive’s retention by or employment with the Company); and (ii) are otherwise developed by Executive through the use of the Company’s confidential information, equipment, software, or other facilities or resources at a time during which Executive has been a consultant, or employee (temporary or otherwise) of the Company. Notwithstanding the foregoing, Company Materials shall not include any Materials conceived or made, solely or jointly, by Executive in connection with the performance of Permitted Activities.

(c) “Confidential Information” means information that is not generally known to the public and that is or was used, developed or obtained by Executive (in her capacity as a member or employee of the Company); provided, however, Confidential Information will not include any information that is generally available to the public or within the industry prior to the date Executive proposes to disclose or use such information. For the avoidance of doubt, “Confidential Information” does not include (x) information concerning non-proprietary business or investment practices, methods or relationships customarily employed or entered into by comparable business enterprises, (y) the identity of investors and their investment practices, methods and relationships, financing sources or capital market intermediaries and (z) information that is used, developed or obtained by Executive exclusively in connection with the performance of Permitted Activities.

(d) “Inventions” means any inventions, improvements, developments, ideas or discoveries whether patentable or unpatentable, that meets any one of the following criteria: (i) relates at the time of conception or reduction to practice to: (A) the business, projects or products of the Company, or to the utilization thereof; or (B) the actual or demonstrably anticipated research or development of the Company; (ii) results from any work performed directly or indirectly by Executive for the Company; or (iii) results, at least in part, from Executive’s use of the Company’s time, equipment, supplies, facilities or trade secret information; provided, however, that Inventions shall not include (x) any Invention which qualifies fully under the provisions of California Labor Code Section 2870 (a copy of which is attached as Exhibit 1), including any idea or invention which is developed entirely on Executive’s own time without using the Company’s equipment, supplies, facilities or trade secret information, and which is not related to the business (either actual or demonstrably anticipated), and which does not result from work performed for the Company and (y) inventions, improvements, developments, ideas or discoveries conceived or reduced to practice by Executive exclusively in connection with the performance of Permitted Activities..

(e) “Materials” means all articles, reports, documents, memoranda, notes, other works of authorship, data, databases, discoveries, designs, developments, ideas, creative works, improvements, inventions, know-how, processes, computer programs, software, source code, techniques and useful ideas of any description whatsoever (or portions thereof).

(f) “Permitted Activities” means each of the activities described in Section 2 hereof.

(g) “Person” means any individual, company, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

(h) “Restricted Period” means the period commencing on the Effective Date and ending on the first anniversary of the termination of Executive’s employment with the Company; provided that the Restricted Period shall immediately cease if such termination of employment is by the Company without Cause, by Executive for Good Reason or as a result of the Company failing to provide the Executive with a Qualified Extension Offer.

(i) “Restricted Territory” means (i) any of Austria, Belgium, China, Czech Republic, Denmark, England, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Monaco, Netherlands, Norway, Poland, Portugal, Scotland, South Korea, Spain, Sweden, Switzerland and the United States, (ii) any state in the United States and/or other country listed in clause (i) and (iii) any other jurisdiction in which the Company or its subsidiaries engages in Business in any material respect.

2. Permitted Activities. Notwithstanding anything set forth herein to the contrary, nothing contained herein shall prohibit Executive from:

(a) engaging in the Personal Activities;

(b) owning, directly or indirectly, solely as an investment, securities of any such Person which are traded on any national securities exchange or NASDAQ if Executive (A) is not a controlling person of, or a member of a group which controls, such Person; and (B) does not, directly or indirectly, own five percent (5%) or more of any class of securities of such Person;

(c) making passive investments in private equity funds, mutual funds, hedge funds and other managed accounts (provided that such funds or accounts do not have a primary investment strategy, as set forth in the applicable fund’s or account’s published statement of its primary investment strategy, of investing in the Business);

(d) making any passive investment (or group of related passive investments) of less than \$20 million in private equity funds, mutual funds, hedge funds and other managed accounts that have a primary investment strategy, as set forth in the applicable fund’s or account’s published statement of its primary investment strategy, of investing in the Business; or

(e) making investments in private companies that are (x) not engaged in the Business, (y) do not predominantly make investments in the Business and (z) do not make investments similar to those made by CLNY and the OP equal to the lesser of (A) 5% of the outstanding equity securities of such private company and (B) \$30 million per company or group of affiliated companies operating as part of one business.

3. Non-Competition. Executive shall not, during the Restricted Period, directly or indirectly, in any manner within the Restricted Territory: (i) engage in the Business (other than through the Company and its Affiliates); (ii) render any services as an employee, officer, director or consultant to any Person (other than the Company) engaged in the Business; or (iii) make an investment in a Person engaged in the Business as a partner, shareholder, principal, member or

other owner of equity interests (or securities convertible into or exercisable for, equity interests); provided, however, nothing contained in this Agreement shall restrict Executive from (x) engaging in any activity that she determines in good faith is in furtherance of the interests of the Company in the performance of her duties for the Company and/or (y) engaging in any Permitted Activity. In addition, nothing herein shall prohibit Executive from providing services to an entity engaged in the Business if Executive's services are solely limited to a unit, division, or subsidiary of such entity which does not engage in the Business and Executive does not provide services directly or indirectly to, or with respect to, the Business.

4. Non-Solicitation. Except as necessary, appropriate or desirable to perform her duties to the Company during her employment, Executive shall not during the Restricted Period, without CLNY's prior written consent, (i) directly or indirectly, on her own behalf or for any other Person, knowingly solicit or induce any officer, director, employee or independent contractor who is a natural person that provides consulting or advisory services with respect to sourcing or consummating financings or investments of the Company (A) to terminate her or her relationship with the Company, or (B) hire any such individual whom Executive knows left the employment of the Company during the previous 12 months or (ii) directly or indirectly, on her own behalf or for any other Person, solicit or induce any investors to terminate (or diminish in any material respect) his, her or its relationship with the Company. For the avoidance of doubt, identification or doing business with or co-investing with any limited partners, investors, financing sources or capital markets intermediaries with regard to activity that is not prohibited by Section 3 above shall not be deemed to be a breach of this Section 4 or otherwise. Executive shall not be in violation of this Section 4 by reason of providing a personal reference for any officer, director or employee of the Company or soliciting individuals for employment through a general advertisement not targeted specifically to officers, directors or employees of the Company.

5. Confidential Information. At all times on and following the Effective Date, Executive shall not disclose or use for her benefit or the benefit of others, except in connection with the business and affairs of the Company or any of its affiliates, any Confidential Information except to the extent that (i) such disclosure or use is related to, necessary, appropriate or desirable in connection with Executive's performance of her duties to the Company or (ii) is related to any good faith dispute between Executive and the Company or any of its affiliates or otherwise in connection with any action by Executive to enforce her rights or defend her actions under this Agreement, the Employment Agreement or any other agreement with the Company or any of its affiliates. Nothing contained herein shall preclude Executive from disclosing Confidential Information to her immediate family and personal legal and financial advisor(s), provided that Executive informs such family member(s) and/or advisor(s) that the information is confidential in nature and receives reasonable assurances that the family member(s) and/or advisor(s) shall not disclose such information except as required by Law or by any Authority with apparent jurisdiction over such Person. Nothing in this Agreement shall be construed to prevent Executive from complying with applicable Law, or disclosing information pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not in Executive's reasonable judgment exceed the extent of disclosure required by such Law. Executive shall, to the extent legally permitted, promptly provide written notice of any such order to an authorized officer of the Company after receiving such order and reasonably cooperate (at the Company's expense) with any efforts of the Company to seek a protective order or other measure to protect the confidentiality of such information.

## 6. Mutual Non-Disparagement.

(a) At all times on and following the Effective Date, Executive shall refrain from making any disparaging statements about the Company or any of its present or (to the extent such Persons serve in such capacity during Executive's employment with the Company) future officers, directors, and, in their capacity as such, employees to any third Persons, including, without limitation, to any press or other media, except (i) to the extent required by Law or legal process, by any Authority with apparent jurisdiction or applicable securities considerations, (ii) related to any good faith litigation or similar proceeding between Executive and the Company or any of such officers or directors or otherwise in connection with any good faith litigation or similar proceeding or other efforts by Executive to enforce her rights or defend her actions under this Agreement, the Employment Agreement or any other agreement with the Company or any of such officers or directors or (iii) for the making of any critical remarks about any such Person in connection with any analyses made or opinions expressed in the ordinary course of her duties to the Company during her employment therewith.

(b) At all times on and following the Effective Date, the senior executive officers of the Company shall not make, or cause to be made by the Company, any disparaging or negative statements about Executive to any third Persons, including, without limitation, to any press or other media, except (i) to the extent required by Law or legal process, by any Authority with apparent jurisdiction or applicable securities considerations, (ii) related to any good faith litigation or similar proceeding between Executive and the Company or otherwise in connection with any good faith litigation or similar proceeding by Executive to enforce her rights or defend her actions under this Agreement, the Employment Agreement or any other agreement with the Company or (iii) for the making of any critical remarks about Executive in connection with any analyses made or opinions expressed in the ordinary course of their respective duties to the Company during their employment therewith.

## 7. Intellectual Property.

(a) Executive agrees that all Company Materials shall be deemed "work made for hire" by the Company as the "author" and owner to the extent permitted by United States copyright Law. To the extent (if any) that some or all of the Company Materials do not constitute "work made for hire," Executive hereby irrevocably assigns to the Company for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, all right, title and interest in and to such Company Materials (including without limitation any and all copyright rights, patent rights and trademark rights and goodwill associated therewith). The provisions of this paragraph will apply to all Company Materials which are or have been conceived or developed by Executive, solely or jointly, whether or not further development or reduction to practice may take place after the termination of Executive's employment or retention, by the Company.

(b) Executive further agrees that she will execute and deliver to CLNY any and all further documents or instruments and do any and all further acts which the Company reasonably requests in order to perfect, confirm, defend, police and enforce the Company's intellectual property rights, and hereby grants to the officers of the Company an irrevocable power of attorney, coupled with interest, to such end. Executive shall be promptly reimbursed by the



Company for all costs and expenditures incurred in connection with any cooperation referenced in this Section 7(b).

8. Injunctive Relief; Other Remedies. The parties agree that the remedy at Law for any breach of this Agreement is and will be inadequate, and in the event of a breach or threatened breach by Executive of the provisions of Sections 3, 4, 5, 6, or 7 of this Agreement, the Company shall be entitled to seek an injunction restraining Executive from the conduct which would constitute a breach of this Agreement. Nothing herein contained shall be construed as prohibiting the Company from pursuing any other remedies available to it or them for such breach or threatened breach, including, without limitation, specific performance and/or the recovery of damages from Executive.

9. Reasonableness and Enforceability of Covenants.

(a) The recitals to this Agreement are incorporated herein by this reference. The parties acknowledge and agree with such recitals, and further agree that preservation of the confidential and proprietary information, goodwill, stable workforce, and client and customer relations of the Company is a material part of the consideration being provided in connection with the Company entering into the Employment Agreement.

(b) The parties expressly agree that the character, duration and geographical scope of this Agreement are reasonable in light of the circumstances as they exist on the date upon which this Agreement has been executed, including, but not limited to, Executive's position of confidence and trust as a stockholder of CLNY.

(c) Executive acknowledges that, the restrictive covenants and the other agreements contained herein (collectively, the "Restrictive Covenants") are an essential part of this Agreement and the Employment Agreement. Executive and the Company agree not to challenge the enforceability of the covenants (and the limitations and qualifications included as part thereof) contained in this Agreement.

(d) Executive agrees to be bound by the Restrictive Covenants and the other agreements contained in this Agreement to the maximum extent permitted by Law, it being the intent and spirit of the parties that the Restrictive Covenants and the other agreements contained herein shall be valid and enforceable in all respects, and, subject to the terms and conditions of, and limitations and qualifications included in, this Agreement.

10. Acknowledgements. Executive acknowledges that (i) her work for the Company will continue to give her access to the confidential affairs and proprietary information of the Company; (ii) the agreements and covenants of Executive contained in this Agreement are essential to the business and goodwill of the Company; and (iii) CLNY would not have entered into the Employment Agreement but for the covenants and agreements set forth herein.

11. 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.

12. 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:  
750 Park of Commerce Drive, Suite 210  
Boca Raton, FL 33487  
Attention: Chief Financial Officer  
Director, Legal

If to Executive: to the last address of 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.

13. Survival. The representations, warranties and covenants of Executive and the Company contained in this Agreement will survive any termination of Executive's employment with the Company; provided that the covenants set forth in Sections 3 and 4 shall only survive through the end of the Restricted Period.

14. Amendment; Waiver. 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 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.

15. Severability. Executive acknowledges and agrees that (i) she has had an opportunity to seek advice of counsel in connection with this Agreement and (ii) the Restrictive Covenants are reasonable in geographic and temporal scope and in all other respects. If any term or provision of this Agreement is determined to be invalid or unenforceable in a final court or arbitration proceeding, (A) the remaining terms and provisions hereof shall be unimpaired and (B) 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.

16. Arbitration. Except as otherwise set forth in Section 8, 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:

(a) 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;

(b) The California Arbitration Act shall govern the arbitration, the agreement to arbitrate, and any proceedings to enforce, confirm, modify or vacate the award;

(c) The arbitrators shall apply California law;

(d) Any petition or motion to modify or vacate the award shall be filed in the Superior Court in California (the “Court”);

(e) 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;

(f) 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

(g) 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.

*[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.

By: /s/ Jacky Wu Name: Jacky Wu  
Title: EVP and Chief Financial Officer

EXECUTIVE

/s/ Sonia Kim  
Sonia Kim

[Signature Page to Sonia Kim Restrictive Covenant Agreement]

**Exhibit 1**

California Labor Code Section 2870

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**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 Quarterly Report on Form 10-Q 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: May 10, 2021

/s/ Marc C. Ganzi  
\_\_\_\_\_  
Marc C. Ganzi  
Chief Executive Officer and President

**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 Quarterly Report on Form 10-Q 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: May 10, 2021

/s/ Jacky Wu  
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Jacky Wu  
Chief Financial Officer

**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 Quarterly Report of Colony Capital, Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2021 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: May 10, 2021

/s/ Marc C. Ganzi

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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.



**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 Quarterly Report of Colony Capital, Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2021 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: May 10, 2021

/s/ Jacky Wu

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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.